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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
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SEPTEMBER TRENDS

Wage & Salary Index..129.3 down from 130.0 in Aug.
Unemployment Rate.......9.0% down from 9.1% in Aug.
Seasonally Adjusted Rate.......................10.1%
U.S. Seasonally Adjusted Rate..................7.5%

AUTUMN BRINGS FALLING PROSPECTS FOR REGIONAL ECONOMY

Last month instability characterized the U.S. economy as indicators continued to flow in a negative direction. Auto sales and home starts both slid further into a bottomless pit. Car sales fell 35% in the first 10 days of October to the lowest level for domestic makes in this period since 1957. Home sales in August fell 14% to the lowest one-month level since the depths of the 1980 recession.

Other indicators were also off. Factory orders were down by 1.9%, construction spending declined 1.6%, and unemployment for the Nation rose to 7.5% (seasonally adjusted), the highest level in five months. All this means another recession; a so called double-dipper.

The recession of 1980 primarily hit the construction and auto industries. It now appears other industries that were not seriously damaged during 1980 are now feeling the chill. These include appliance, semiconductor, aluminum, manufacturing, the airlines, and trade industries.

Signs indicate that economic improvement will be a minimum of six months away for the nation. However, folks in the Pacific Northwest may have to wait a year for these same improvements.

The lumber-dependent Pacific Northwest continues to await mortgage rates in the 10 to 12% range, meanwhile the number of jobless workers continues to rise. The economic deterioration is reflected in August unemployment rates for the three Pacific Northwest states.

Unemployment rates (not seasonally adjusted) *

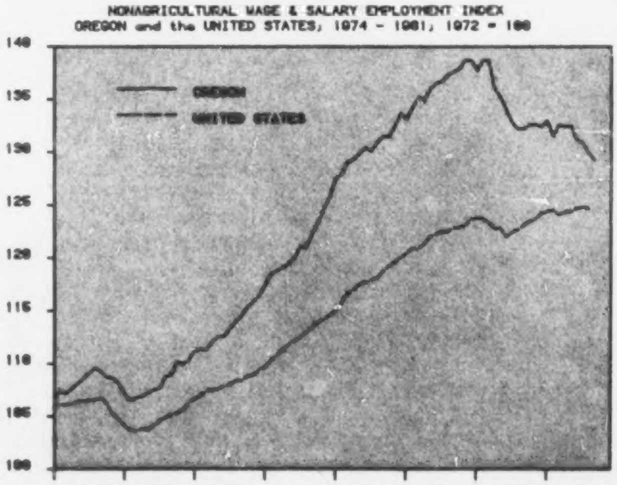
	Aug. 1981	Aug. 1980	Aug. 1979
Idaho	5.9%	8.0%	5.0%
Oregon	9.1	8.0	6.1
Washington	8.9	7.1	6.1

* August unemployment rates are used in this comparison since comparable September rates were not available for all states.

Although the 1981 rates are not strictly comparable to those of the previous years, the trend is evident. Only Idaho's August 1981 rate is puzzling. This is due to an estimating fluke rather than any economic reality. All of the above jobless rates are an indication of the economic well-being for a typical week of the month. The week including the 12th day, in some instances this "typical" week is not so typical afterall, as was the case in Idaho's August figures. Evidently Idaho's economy was not plagued by the normal lumber layoffs during this "typical week" so the true economic situation was not reflected in their jobless rate.

Both lumber and wood products and construction employment dropped since the spring of 1980 in all three states. In all, approximately 35,000 lumber and wood products jobs have been eliminated since August 1979. This accounts for a 23% employment drop in lumber and wood products jobs in Oregon, and a 20% drop in lumber and wood products jobs in both Idaho and Washington.

Construction employment also fared poorly, as Oregon dropped 29% of its construction jobs, Washington 20%, and Idaho 18%. In total, approximately 35,000 construction jobs were also lost in the region. In only two industries, the Northwest lost 70,000 jobs in the past two years!!



NONAGRICULTURAL WAGE & SALARY EMPLOYMENT INDEX
OREGON and the UNITED STATES, 1974 - 1981, 1972 = 100

As jobs tumble in the above two industries, weakness has also started to be seen in the more stable sectors. Electronics in Oregon and Idaho, and Aerospace in Washington are sending negative signals, a nationwide trend that was indicated earlier. Expansion that was to occur in 1981 is now delayed indefinitely awaiting changes in demand or interest rates.

Down the road, only Washington can boast with optimism of its economic future. The defense oriented Federal budget is sure to lay some hefty contracts on a state with abundant defense oriented establishments. Oregon and Idaho bear no such positive news. The lumber oriented economies of these states will have to wait out the current economic trend. Idaho's economy will be further shocked if Bunker Hill, a silver, lead, and zinc mine in northern Idaho, shuts its doors. The company cited current low demand for its products as the reason; a ripple effect from the auto industry. Bunker Hill employs 2,100 workers. With the indirect job loss counted, the total may reach 8,000 in the area. As one Idaho economy watcher puts it, "with lumber employment already gone, if Bunker Hill goes, they might as well declare northern Idaho a wilderness area." Indeed, only Agriculture and the related food processing industries are providing stability for Idaho's economy. And food processing is not without its troubles. Like Oregon, Idaho's food processors must compete with the Midwest for the prime Eastern markets. With the current high transportation costs and interest rates, this industry could also turn sour.

OREGON'S ECONOMY

The September indicators of Oregon's employment health pointed in a negative direction. The much watched jobless rate, seasonally adjusted, stayed essentially even at 10.1%, up only .1 over the month. Job growth as measured by the nonfarm payroll index dropped for the fourth straight month to 129.3. This indicator, which peaked in February 1980 at 138.7, is currently resting at the winter 1978 level.

The opening of school provided the major reason for job growth in nonfarm payroll employment over the month. These gains were reflected in local government education, transportation, and trade employment. Most other sectors remained relatively quiet in their depressed state.

Within manufacturing, only transportation equipment registered a large gain (+1,300) as the ship building sector rebounded following a strike at the Port of Portland.

Lumber and wood products employment lost a few more jobs in September as the fire season and the economy took their toll. Since August 1979, jobs in this industry are down nearly 23%. In coming months employment will decline even further as winter weather curtails logging operations. Of even greater significance, however, is news that Federal timber contracts may be delayed for two years. This is welcome relief for mill owners who currently operate with no profit margin due to high timber costs and low lumber prices. However the employment picture is not so rosy. In Oregon this move will essentially drive the jobless rate skyward as a larger proportion of logging and mill crews are layed off this winter.

Market forces and weather conditions weighed heavily on Food and Kindred Products. Employment moved lower both over the month and year. When adjusted for normal seasonal changes, employment slid by -1,700.

The rest of manufacturing remains steady, Machinery employment provided a bright spot with 900 new jobs over the year due almost entirely to the electronic calculator and computer sector.

Goods news was also hard to come by in nonmanufacturing. Employment increased by 9,000 over the month. But after adjusting for normal seasonal employment swings, little good appeared. Most employment gains were less than normal overall.

Construction employment moved lower than was seasonally expected in September. Both residential and nonresidential employment contributed to the drop. The table following shows monthly, annual, and two-year changes in the industry.

Oregon Construction Industry

	Over the Month		Over the Year		Two-Year Change	
	Number	Percent	Number	Percent	Number	Percent
General Building - Residential	-300	-5.5%	-1,200	-18.8%	-3,900	-42.9%
General Building - Nonresidential	-100	-1.8	-1,200	-22.2	-2,900	-39.1
Heavy Construction	-200	-2.3	-1,300	-13.3	-3,600	-29.8
Special Trades	-300	-1.3	-2,400	-9.3	-7,500	-24.1

The other sectors reflected increased demand in only the essential areas such as Food Stores and Health services. Government employment, historically a stable industry, began to feel the effects of Reagan economics. Overall, nonmanufacturing neither slipped nor gained significantly from its previous lows.

High interest rates, winter weather and Reagan economics will all share in keeping Oregon's economy at a low ebb through at least mid-1982. Meanwhile the nation has slipped into what will be termed a slight recession; one not deep enough to force interest rates down substantially. Tourism will provide the only strong economic segment to Oregon this winter assuming winter storms provide snow for Oregon's ski resorts.

TJTC EXTENDED

A bright spot for Oregon business is the extension of the Targeted Jobs Tax Credit program (TJTC) for another year. Since May 1979, when TJTC became operational, more than 14,500 individuals have been certified for the program, generating millions of dollars in potential tax credits for their employers. The net savings accruing to the 6,000 participating employers easily exceed $20 million dollars.

Along with the extension, TJTC has been affected by several legislative changes. Among them are:

1. Two new target groups: (a) CETA Public Service Employment (PSE) participants who have been involuntarily terminated since December 31, 1980, and (b) WIN participants and Aid-to-Dependent Children (AFDC) recipients.
2. Full credit (up to two years of qualified wages) is available for all targeted employes to begin work before January 1, 1983.
3. The 30% Federal Unemployment Tax wage limitation will be dropped. This change should be particularly beneficial to small employers who were previously unable to use the full TJTC credit due to payroll size.
4. The age limit (35 years) for disadvantaged Vietnam-era Veterans has been removed.
5. The credit is not allowed for hiring relatives.

Perhaps the most sweeping change affecting the program is that, after September 26, 1981, retroactive certification of current employes will no longer be allowed. Employers will have to request a certification before the employe actually begins work. Employers will still be able to place job orders with the nearest Employment Division office, requesting applicants who have been screened for TJTC eligibility.

OREGON AGRICULTURE TRENDS

Agriculture ranks as one of Oregon's leading industries alongside lumber and wood products. Oregon farmers and ranchers chalked up a record $1.7 billion in gross sales for 1980, up 11% over 1979. Three counties topped $100 million in gross income. Marion County, which has an especially diverse agricultural base, led the group with sales of $195 million.

Rank 1980	Rank 1979	County	1980 Gross Farm Income	Principal Farm Commodities
1	1	Marion	$194,639,000	Vegetables, speciality products grass and legume seeds and dairy products
2	3	Umatilla	155,419,000	Grains, cattle and calves, field crops, and tree fruits and nuts.
3	2	Malheur	137,888,000	Cattle and calves, field crops, grains and vegetables.
4	4	Clackamas	98,755,000	Specialty products, eggs and poultry.
5	7	Morrow	91,203,000	Grains, field crops, hay and silage.

Based on studies by Oregon State University, the income multiplier for agriculture is about three. This means income generated from farm purchases, services to farms, farm employment, farm family expenses and other income with its roots in farming totaled about $5.1 billion (3 times the original $1.7 billion gross farm income).

"Diversity" describes Oregon's agriculture. More than 100 different crop and livestock products originate in the state. This diversity is reflected in the following top 10 agricultural commodities (1979):

1. Cattle & calves
2. Wheat
3. Dairy products
4. Specialty horticulture
5. Potatoes
6. Farm forest products
7. Hay
8. Rye grass seed
9. Pears
10. Chicken eggs

To fill the labor needs of this industry, an average of 35,200 workers were employed during 1980. Due to the highly seasonal nature of many crop activities, employment varies considerably from season to season. Adult employment ranged from a low of 26,300 in January to a high of 47,300 in July. While the total acres of farmland has increased in recent years, the number of workers has declined. The average employment for 1980 was only two-thirds of the 53,400 for 1970.

Reasons for this decline can be traced not only to mechanization, but also to reductions in labor-intensive crops such as pole beans, strawberries and caneberries. The following list illustrates tremendous seasonal employment declines in some of Oregon's harvest activities between 1970 and 1979:

Crop	Harvest Employment 1970	Harvest Employment 1979
Strawberry	46,840	26,280
Pole Bean	41,860	90
Sugar Beet	1,030	80
Raspberry	12,420	3,730
Other Caneberry	22,420	1,620
Cucumber	1,530	630
Onion	2,150	1,150
Filbert & Walnut	1,400	860

Rising labor costs, mechanization, and shortages of suitable farm labor have promoted these trends. Legislative restrictions raising the minimum age that youth can work on farms, minimum wage scales, and restrictions on farm housing all have done their part in reducing the demand and availability of migrant and other farm labor.

Recent gains in the value of the U.S. dollar work against the industry's ability to increase foreign sales. Even so, international trade may well become the Northwest's growth industry. Agricultural exports from Northwest ports to the Orient have grown markedly in the last few years. Because Northwest ports are significantly closer to Oriental ports and because energy costs are rising, the region has a natural economic advantage. These shipments not only include crops such as wheat and fresh fruits from Oregon, Washington, and Idaho, but Midwest grain which is loaded onto barges in Lewiston, Idaho. Recent revisions in rail freight rates have made it increasingly attractive for Midwest farmers to ship their crops west to Lewiston rather than to the Mississippi River.

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RESIDENT OREGON LABOR FORCE

	1/ Sept. 1981	2/ Aug. 1981	Change	% Change	5/ Sept. 1980
Civilian Labor Force 3/	1,327,700	1,327,300	+ 400	0.0	1,276,100
Unemployment	119,300	121,000	-1,700	-1.4	96,600
Percent of Labor Force	9.0	9.1	xxx	xxx	7.6
Seasonally Adjusted Percent	10.1	10.0	xxx	xxx	8.7
Total Employment 4/	1,208,400	1,206,300	+2,100	0.2	1,179,500

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Sept. 1981	Aug. 1981	Sept. 1980	Aug. 1981	Sept. 1980
TOTAL 1/	1,020,100 *	1,012,800 *	1,042,100 *	7,300	-22,000
Wage & Salary Employment Index (Seasonally Adjusted)	129.3	130.0	132.0	xxx	xxx
Total Manufacturing	210,200 *	211,900 *	220,800	-1,700	-10,600
Durable Goods	151,500 *	151,600 *	160,900	- 100	- 9,400
Lumber & Wood Products	65,100	65,900	71,100	- 800	- 6,000
Logging & Sawmills	33,700	34,600	37,400	- 900	- 3,700
Veneer & Plywood	18,900	18,800	21,000	100	- 2,100
Millwork & Structural Wood	7,200	7,100	7,200	100	0
Mobile Homes	1,800	1,800	2,000	0	- 200
Other Wood Products	3,500	3,600	3,500	- 100	0
Furniture & Fixtures	2,500	2,500	2,600	0	- 100
Stone, Clay, Glass, & Concrete	4,500	4,600	4,700	- 100	- 200
Primary Metals	10,400	10,500	10,800	- 100	- 400
Blast Furnaces, Iron & Steel	5,900	5,900	6,300	0	- 400
Nonferrous Metals	4,500	4,600	4,500	- 100	0
Fabricated Metals	11,700 *	11,600 *	12,400	100	- 700
Fabricated Structural Metals	4,600	4,500	5,000	100	- 400
Other Fabricated Metals	7,100 *	7,100 *	7,400	0	- 300
Machinery	18,700	18,800	17,800	- 100	900
Electrical Equipment & Supplies	9,700	9,700	9,700	0	0
Transportation Equipment	9,000	7,700	10,100	1,300	- 1,100
Instruments & Related Products	17,500	18,000	19,500	- 500	- 2,000
Miscellaneous Manufacturing	2,400	2,300	2,200	100	200
Nondurable Goods	58,700	60,300	59,900	-1,600	- 1,200
Food & Kindred Products	28,000	29,500	29,000	-1,500	- 1,000
Canning & Preserving	17,700	19,100	18,500	-1,400	- 800
Other Food Products	10,300	10,400	10,500	- 100	- 200
Textile Mill Products	1,800	1,800	1,900	0	- 100
Apparel	2,900	3,000	3,200	- 100	- 300
Paper & Allied Products	10,500	10,600	10,400	- 100	100
Printing & Publishing	9,800	9,800	9,800	0	0
Chemicals & Allied Products	2,200	2,200	2,200	0	0
Petroleum Refining	700	700	800	0	- 100
Rubber & Plastic Products	2,500	2,400	2,300	100	200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Sept. 1981	Aug. 1981	Sept. 1980	Aug. 1981	Sept. 1980
(cont.)					
Total Nonmanufacturing	809,900 *	800,900 *	821,300 *	9,000	-11,400
Mining & Quarrying	2,400	2,300	2,600	100	- 200
Construction	41,100	42,000	47,400	- 900	- 6,300
Transportation, Communications, & Utilities	59,800	59,700	60,200	100	- 400
Transportation	34,900	34,600	34,900	300	0
Railroad	7,300	7,300	7,300	0	0
Trucking & Warehousing	17,300	17,400	17,100	- 100	200
Other Transportation	10,300	9,900	10,500	400	- 200
Communications	15,600	15,700	16,200	- 100	- 600
Utilities	9,300	9,400	9,100	- 100	200
Trade	257,300	254,800	259,100	2,500	- 1,800
Wholesale Trade	67,700	67,100	69,300	600	- 1,600
Durable Goods	40,000	40,300	42,300	- 300	- 2,300
Nondurable Goods	27,700	26,800	27,000	900	700
Retail Trade	189,600	187,700	189,800	1,900	- 200
General Merchandise	26,400	26,500	27,000	- 100	- 600
Food Stores	25,600	25,400	25,100	200	500
Auto Dealers & Service Stations	23,500	23,500	24,200	0	- 700
Other Retail Trade	114,100	112,300	113,500	1,800	600
Finance, Insurance, & Real Estate	67,100	68,200	69,400	-1,100	- 2,300
Banking & Credit Agencies	24,600	24,800	24,700	- 200	- 100
Other Finance, Insurance, & Real Estate	42,500	43,400	44,700	- 900	- 2,200
Services	192,200 *	192,500 *	191,300 *	- 300	900
Hotels & Personal Services	24,800	25,200	24,500	- 400	300
Health Services	65,300 *	64,300 *	61,900 *	1,000	3,400
Other Services	102,100	103,000	104,900	- 900	- 2,800
Government	190,000	181,400	191,300	8,600	- 1,300
Federal Government	29,200	29,600	29,600	- 400	- 400
State Government	49,200	50,900	51,700	-1,700	- 2,500
Education	19,000	20,100	19,300	-1,100	- 300
Other State	30,200	30,800	32,400	- 600	- 2,200
Local Government	111,600	100,900	110,000	10,700	1,600
Education	65,500	53,400	64,900	12,100	600
Other Local	46,100	47,500	45,100	-1,400	1,000
Labor-Management Disputes	500	500	600	0	- 100

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

The single greatest impediment to growth of this export economy appears to be a fee which President Reagan wants to impose on ships and barges using rivers, ports, and navigational locks. On the Columbia River system, for instance, this plan would aim to recover the total costs of dredging the river's mouth, maintenance of the shipping channel and construction of the proposed new lock at Bonneville Dam. These fees would be a major additional cost to shippers along the Columbia-Snake River systems and would remove what natural competitive edge it has over other U.S. ports. There would be no user fee on shipping from deep water ports like Seattle.

This waterway user fee proposal has generated more bi-partisan opposition from the Northwest's delegation to Congress than has any other administration proposal. Senator Mark Hatfield, (R-OR), has recently introduced a bill designed to defeat Reagan's full cost recovery scheme. The Hatfield proposal would spread the cost by placing a small fee on products imported and exported through all U. S. ports.

Waterway user fees are crucial to the future of Oregon's international trade. Even a restless Mount St. Helens isn't as dangerous to the waterway's future as the formula used by the White House for recovering federal costs on inland navigation.

1980 STATE PER CAPITA PERSONAL INCOME

State per capita personal income in 1980 ranged from $12,790 in Alaska to $6,580 in Mississippi, according to the Commerce Department's Bureau of Economic Analysis. Oregon's average of $9,317 fell slightly below the nation's $9,521 average.

In general, the higher per capita personal income states were located in the urbanized northeastern and western parts of the nation. States with a low per capita personal income were in the Southeast and Rocky Mountain areas.

In 1980, per capita personal income in the Far West Region was $10,713--13% above the national average and highest among the eight regions. Per capita personal income was above the national average in each Far West state except Oregon. Per capita income ranged from $10,938 in California--15% ($1,417) above the national average--to $9,317 in Oregon--2% ($204) below the national average. Among all states, California ranked third in per capita income and Oregon ranked 26th.

By definition, total personal income consists of private and government wage and salary payments in cash and in kind, other labor income, farm and nonfarm proprietors' income, personal interest income, rental income of persons, dividends, and transfer payments, less personal contributions for social insurance. It is measured before the deduction of personal income and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

Per capita personal income equals total personal income divided by total population.

Per Capita Personal Income
by States and Regions 1977 and 1980

	Dollars		Percent Change
	1977	1980	1977-80
United States	6,979	9,521	36.4
New England	7,211	10,105	40.1
Connecticut	8,183	11,720	43.2
Maine	5,756	7,925	37.7
Massachusetts	7,283	10,125	39.0
New Hampshire	6,517	9,131	40.1
Rhode Island	6,709	9,444	40.8
Vermont	5,735	7,827	36.5
Mideast	7,476	10,192	36.3
Delaware	7,494	10,339	38.0
District of Columbia	8,676	12,039	38.8
Maryland	7,539	10,460	38.7
New Jersey	8,001	10,924	36.5
New York	7,537	10,260	36.1
Pennsylvania	6,967	9,434	35.4
Great Lakes	7,389	9,779	32.3
Illinois	7,982	10,521	31.8
Indiana	6,859	8,936	30.3
Michigan	7,561	9,950	31.6
Ohio	7,087	9,462	33.5
Wisconsin	6,908	9,348	35.3
Plains	6,831	9,338	36.7
Iowa	6,964	9,358	34.4
Kansas	7,135	9,983	39.9
Minnesota	7,168	9,724	35.7
Missouri	6,571	8,982	36.7
Nebraska	6,800	9,365	37.7
North Dakota	6,122	8,747	42.9
South Dakota	5,867	7,806	33.0
Southeast	5,958	8,111	36.1
Alabama	5,556	7,488	34.8
Arkansas	5,380	7,268	35.1
Florida	6,538	8,996	37.6
Georgia	5,931	8,073	36.1
Kentucky	5,770	7,613	31.9
Louisiana	5,929	8,458	42.7
Mississippi	4,959	6,580	32.7
North Carolina	5,782	7,819	35.2
South Carolina	5,471	7,266	32.8
Tennessee	5,702	7,720	35.4
Virginia	6,882	9,392	36.5
West Virginia	5,847	7,800	33.4
Southwest	6,537	9,284	42.0
Arizona	6,240	8,791	40.9
New Mexico	5,748	7,841	36.4
Oklahoma	6,336	9,116	43.9
Texas	6,709	9,545	42.3
Rocky Mountain	6,580	9,095	38.2
Colorado	7,085	10,025	41.5
Idaho	6,158	8,056	30.8
Montana	6,108	8,536	39.8
Utah	5,810	7,649	31.7
Wyoming	7,522	10,898	44.9
Far West	7,730	10,713	38.6
California	7,858	10,938	39.2
Nevada	7,794	10,727	37.6
Oregon	6,989	9,317	33.3
Washington	7,439	10,309	38.6
Alaska	10,949	12,790	16.8
Hawaii	7,669	10,101	31.7

SOURCE: U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

WEAKENED WORKWEEK

Oregon's manufacturing production workers continued to suffer declines in average weekly hours. The 0.3 hour drop was the third consecutive monthly decline, and the 37.1 hour workweek was the lowest since April 1980. The picture was not any brighter in hourly earnings a four-cent drop to $9.52. The combined impact of these drops took spendable earnings down to $105.87, a level last seen in early 1967.

In Durable Goods, weekly hours were down in all sectors except Furniture and Fixtures (+1.2). Lumber and Wood Products was down 1.0 hour from July and 4.3 hours from last year. High temperatures and interest rates held sway over Logging and Sawmills (-1.6 hours). Logging and Sawmills and Veneer and Plywood were down 4.7 and 5.2 hours over the year. The other wood products category was also on the chopping block, losing 3.4 hours from last month. The only subsector of Lumber and Wood Products to gain in both hours and earnings was Mobile Homes. Decreases in overtime brought hours down in Primary Metals while earnings increased due to a raise at one of the larger firms.

In Nondurable goods the workweek shrank 0.4 hour as Other Food Products (-1.1) and Paper and Allied Products (-3.0) were down. The latter's decrease was due to less overtime as earnings also plummeted by 31 cents. This decrease in earnings combined with a 24-cent loss in Canning and Preserving (where the influx of seasonal workers continues to pull earnings down) sent hourly earnings plunging by 27 cents an hour. Bright spots occurred in Textiles (+3.5) and Apparel (+5.6) where weekly hours returned to near normal levels after last month's disastrous drop. In addition, Printing and Publishing showed a healthy 33-cent increase in earnings. A pay increase at a larger firm and slightly higher overtime contributed to this rise.

The Nonmanufacturing sector appeared much better than Manufacturing. The only month-to-month losses were in Communications and Utilities (0.6 - hour loss) and Banking and Insurance (an 80-cent loss in weekly earnings). The 42-cent rise in hourly earnings in Communications and Utilities was due to a sizable pay increase in the Communications industry.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Aug. 1981	3/ July 1981	Aug. 1980	2/ Aug. 1981	3/ July 1981	Aug. 1980	2/ Aug. 1981	3/ July 1981	Aug. 1980
TOTAL MANUFACTURING 4/	$353.19	$357.54	$344.66	37.1	37.4	39.3	$9.52	$9.56	$8.77
SPENDABLE EARNINGS (1967 Dol.) 6/	105.87	107.83	114.60	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	368.63	368.71	359.96	37.5	37.7	39.6	9.83	9.78	9.09
Lumber & Wood Products	369.77	378.96	390.34	35.9	36.9	40.2	10.30	10.27	9.71
Logging & Sawmills	386.54	400.37	408.80	35.3	36.9	40.0	10.95	10.85	10.22
Veneer & Plywood	378.08	380.88	399.19	36.6	36.8	41.8	10.33	10.35	9.55
Millwork & Struct Wood	301.13	292.84	301.85	37.5	35.8	39.1	8.03	8.18	7.72
Mobile Homes	286.58	267.68	291.03	35.6	34.9	36.7	8.05	7.67	7.93
Other Wood Products	345.32	368.16	351.12	35.6	39.0	38.5	9.70	9.44	9.12
Furniture & Fixtures	243.25	235.84	189.22	34.7	33.5	28.8	7.01	7.04	6.57
Primary Metals	461.38	465.20	416.59	39.2	40.0	39.6	11.77	11.63	10.52
Fabricated Metals	354.19	366.70	320.63	37.8	38.6	37.9	9.37	9.50	8.46
Machinery	373.16	370.71	341.62	38.0	38.1	38.0	9.82	9.73	8.99
Nondurable Goods	313.49	326.84	304.54	36.2	36.6	38.5	8.66	8.93	7.91
Food & Kindred Prod	268.73	280.28	272.69	34.9	35.3	38.9	7.70	7.94	7.01
Canning & Preserving	222.77	228.66	243.51	33.2	32.9	38.9	6.71	6.95	6.26
Other Food Products	385.34	390.91	349.44	39.2	40.3	39.0	9.83	9.70	8.96
Textile Mill Products	196.98	182.00	180.96	38.1	34.6	37.7	5.17	5.26	4.80
Apparel	168.98	142.85	162.40	34.0	28.4	34.7	4.97	5.03	4.68
Paper & Allied Products	456.80	504.39	436.40	40.0	43.0	40.0	11.42	11.73	10.91
Printing & Publishing	356.97	346.37	327.96	35.1	35.2	36.0	10.17	9.84	9.11
Construction 4/	547.28	543.27	501.10	35.4	35.3	36.9	15.46	15.39	13.58
Communications & Utilities 5/	403.76	393.22	358.09	39.2	39.8	39.7	10.30	9.88	9.02
Trade 5/	277.32	271.74	252.70	35.6	35.2	35.0	7.79	7.72	7.22
Wholesale Trade	362.55	355.97	321.79	38.9	38.4	38.4	9.32	9.27	8.38
Retail Trade	229.16	225.12	215.14	33.7	33.4	33.2	6.80	6.74	6.48
Banking & Insurance	222.99	223.79	204.37	NA	NA	NA	NA	NA	NA
State & Local Government	296.44	291.84	270.22	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Eastern Oregon		The forests of Eastern Oregon have another insect problem looming. The spruce budworm, which is partial to grand, white, and Douglas fir, has infested approximately 306,000 acres primarily on national forest land. While the most serious infestation is in the Umatilla National Forest near Heppner, other infested areas extend from Prineville into Idaho. The budworm, which feeds on new needles retarding tree growth, was last a major problem in Oregon forests from 1949 to 1958 when 4.4 million acres were affected. The latest budworm threat follows efforts to contain the damage of the mountain pine beetle and the Douglas fir tussock moth. Researchers intend to study the budworm problem and determine a course of action by spring. Alternatives run from doing nothing and allowing natural predators to solve the problem to spraying insecticide in order to eliminate the insect.
Medford	Jackson	International Memories, Inc.'s manufacturing plant located in the Medford Industrial Park in nearby White City will be expanding by 30,000 square feet this winter. The expanded floor space will be used to house production facilities for three new lines of IMI equipment. The new manufacturing facility is expected to begin production in January 1982 with an anticipated employment increase of 80 to 100 people. International Memories produces components and disc drives for the mini-computer market.
Antelope	Wasco	A ranch near this small community in Eastern Oregon has been purchased by the Chidrillas Rajneesh Meditation Center for a reported $6 million. The 68,000 acre ranch, which includes land in both Wasco and Jefferson Counties, was purchased in July. The land is currently being worked on and planted by the followers of Bhagwan Shree Rajneesh, a former resident of India and a guru of international reputation. Plans exist for the building of two 4,000 square foot buildings to serve as a school and medical facility, dining hall, and ranch office. Living quarters for ranch workers will be provided by mobile homes. The ranch managers have also obtained business permits to sell consumer and construction goods as well as material related to the teachings of Bhagwan Rajneesh.
Statewide		The Oregon Department of Revenue has mailed out more than a half million property tax relief checks. The tax relief checks totaled $117 million and were sent to all qualifying homeowners and renters. Under the Homeowner and Renter Refund Program (HAARP), checks were sent to 450,000 low and middle income homeowners and renters (those with household income below $17,500 a year). Another 70,000 checks were sent under the separate Renter Relief program to households with income over $17,500. Since the property tax relief program is funded by state income tax collections, the 1981 legislature for the first time authorized the Revenue Department to withhold or reduce property tax relief checks for payment of delinquent state income taxes. The department was able to collect approximately $1.2 million in late state taxes from 9,400 checks as a result of the legislature's authorization.
Statewide		The U. S. Department of Energy Appropriate Technology grant program will fund 13 renewable resource and conservation projects in Oregon for $191,000. The 13 projects were selected from among 454 applications submitted earlier this year. Projects accepted will tap a variety of resources including wind, solar, geothermal, water, methane gas, and solid waste. The largest grant ($45,000) will be used to build a methane plant on a chicken ranch in Oregon. Chicken manure and other waste will be used to produce enough methane to substitute for the farms annual consumption of 12,000 gallons of propane. Other grant projects range from a plan to design, build and test a solar-heated hardwood lumber dry kiln, to a plan to develop a beam trawl which will decrease the drag of the trawl and conserve from 20% - 25% of the fuel used on a shrimp fishing boat.
Beaverton	Washington	Nike Inc., the athletic shoe manufacturer based in Beaverton, has announced plans to establish an international joint venture. The new company will be known as Nike Japan and will have headquarters in Tokyo. Nike will maintain a 51% share of Nike Japan stock. Nissho Iwai, Japan's sixth largest trading company, will retain control over the remaining stock. Nike Japan is expected to begin marketing shoes and sports apparel by the first of the year.
Milwaukie	Clackamas	Omark Industries Inc. has announced plans to lay off 200 hourly workers and 40 salaried employes from its saw chain division. The layoff is the largest in the firm's history and is for an indefinite period. The action was blamed on poor foreign and domestic markets resulting from high interest rates and foreign exchange difficulties. Omark employes nearly 4,500 people worldwide with nearly 30% located in the Portland area. The current layoff is the third this year for the firm.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
November 1981

OCTOBER TRENDS

Wage & Salary Index	129.4	unchanged from Sept
Unemployment Rate	9.5%	up from 9.0% in Sept
Seasonally Adjusted Rate	10.6%	
U.S. Seasonally Adjusted Rate	8.0%	

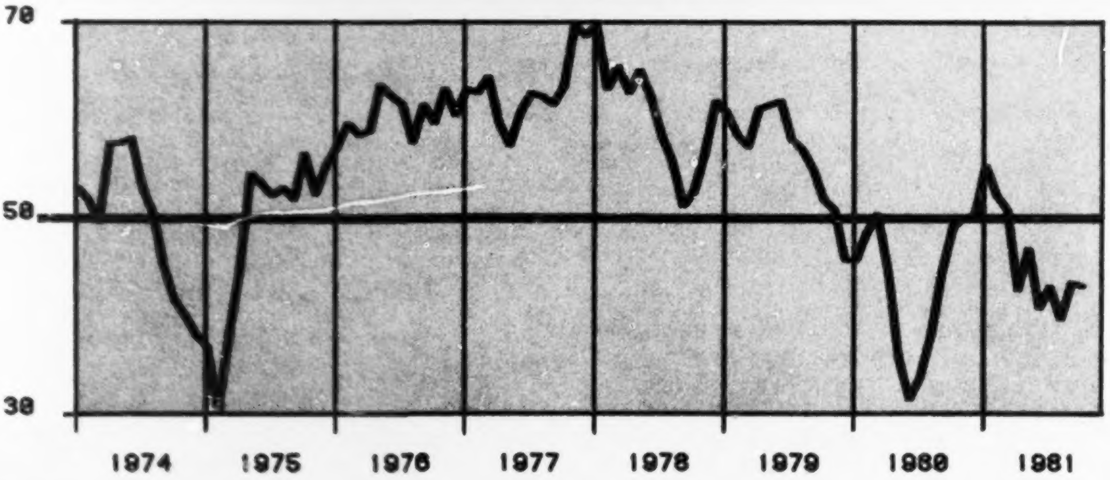
THE OREGON DIFFUSION INDEX

A new economic indicator is now available for Oregon, providing titillating clues to changes in the business cycle. This diffusion index is a composite measure of changes in 43 industrial categories covering nearly all workers on nonagricultural payrolls. The index shows the percent of industries in which seasonally adjusted employment increased. Components selected for the index are heavily weighted towards manufacturing (75 percent)--industries which traditionally lead changes in the economy in general.

The diffusion index is computed by first seasonally adjusting the employment in each of the industries. Next, the change from the prior month is calculated. If positive, a factor of 1.0 is assigned to that industry; if negative, a factor of zero; and if there is no significant change (less than ½ of one percent in absolute value), a factor of 0.5 is given. It is important to note that the size of the industry is not a consideration in this process. Hence, a very large industry selected for the index (e.g., services where 1980 employment averaged 191,200) carries no more importance than a comparatively small industry (e.g., logging where 1980 employment averaged 11,700). Instead, sensitivity to the change in the business cycle is the selection criterion. The third step is to sum the factors and divide that total by the total number of industries (43) to determine the percent of industries in which employment increased. And, finally, to remove gyrations that frequently occur from one month to the next, a three month moving average is computed. The data reported is for the most recent month of that three month span.

Given a simple definition of economic prosperity, one in which employment is expanding, on a seasonally adjusted basis, more often than it is declining (i.e., the diffusion index is greater than 50%), the long term trends are clearly accentuated by this indicator. The strong growth period ranging from 1976 through much of 1979 for example, is easily identifiable via the diffusion index. Indeed, without exception, the diffusion index did not dip below that 50% line except during the recessions.

OREGON DIFFUSION INDEX



Over a short-term, the index is especially helpful in economic analysis. In Oregon an economic downturn became blatantly clear near the end of March '80 as thousands of lumber and wood products employees were layed off in response to the sagging national housing industry. Evidence of a pending change was noticable in October and November of '79 as isolated mill closures and other "abnormalities" were registered. And how did the diffusion index perform? It began a long and nearly continuous descent in July '79--a very early indicator of the malady to follow!

In mid '80, the diffusion index began climbing. Several months later the unemployment rate also tapered off and the nonfarm wage and salary employment index stabilized and even went up briefly. In one sense, the index had no place to go except up following such a prolonged downward slide. However, since the first of the year the diffusion index has most often been below the 50% mark and appears to be trending downward--not a promising sign for recovery in the coming months.

While it is not a predictive panacea (business activity is too complex to allow accurate one step analysis), the index of diffusion does offer significant clues to understanding economic behavior. For additional information regarding the index, contact:

Oregon Employment Division
Research & Statistics
Attn: Gary Barker
875 Union St. NE
Salem, OR 97311
or phone (503) 378-8658

OREGON'S MILD RECESSION?

The economies of Oregon and the nation are heading for their worst winter since 1975 with hopes of any major relief being postponed until at least the second half of next year. With the exception of recently falling interest rates, the economic indicators released during the past month point uniformly to renewed recessionary pressures on the country.

Bad news came with the release of October unemployment rates. Oregon's rate climbed to 10.6%, seasonally adjusted, the highest since September 1975. The national rate also jumped by half a percentage point to 8%, the highest level since December 1975. The president's chief economist believes unemployment may reach the post-World War II high of 9% before the current recession eases.

Inflation continued to march during September with consumer prices gaining at a 14.4% annual rate before compounding. The Portland CPI gained at an annual rate of 22.2% for the most recent two-month report. Both gains were attributed to rises in mortgage rates. The Bureau of Labor Statistics has announced plans to revise the CPI calculation beginning in 1983 to reduce the overstatement of housing costs currently plaguing the index.

Mortgage rates nearing an average 19% caused new home sales in September to drop to the lowest one-month level on record. Even sales of used homes in September were at their lowest since January 1975. Housing starts fell to a 15-year low in October, registering a seasonally adjusted annual rate of 857,000. The automobile industry kept pace with the ailing housing industry with a surprising sales decline of 24% in October despite the start of the new model year. All of the three major auto makers reported third quarter losses for a combined total of nearly $1 billion.

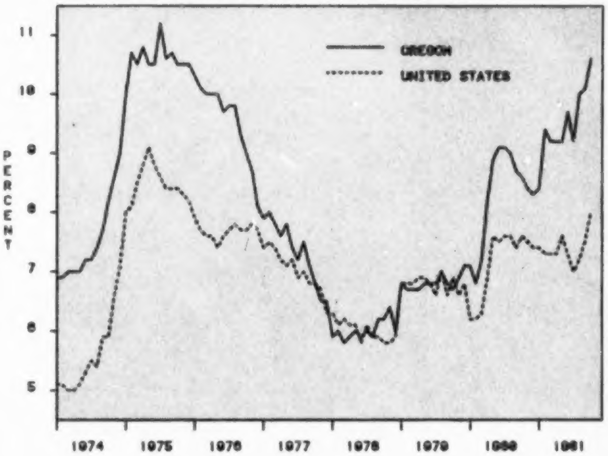
While houses and autos are the main problem areas, other sectors of the economy are beginning to feel the recessionary pressure. The third quarter saw national productivity drop at a seasonally adjusted rate of 2.2% and real GNP decline at a .6% rate. The latest index of leading indicators was down by 2.7%, the steepest drop since April 1980. All of this indicates a stagnant economy and a widening recession.

Forecasts by administration economists now put real economic growth in 1982 at 1% or less, a sharp drop from earlier forecasts of 3.4% growth. Even though the economy is slowing faster than expected, the administration continues to reject any "quick-fix" solution, relying instead on tax cuts and downward moving short-term interest rates as its primary anti-recession measures.

OREGON'S SITUATION

With new projected budget shortfalls and unemployment continuing at one of the highest rates in the nation, Oregon's economic situation is on the brink of another long and dismal winter. During October an estimated 126,000 people were out of jobs and actively looking for work in Oregon, 9.5% of the labor force. Seasonally adjusted unemployment rose to 10.6% from 10.1% in September while the nonfarm wage and salary index remained unchanged from September's 129.4, the lowest since April 1978.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES
OREGON and the UNITED STATES, 1974 - 1981



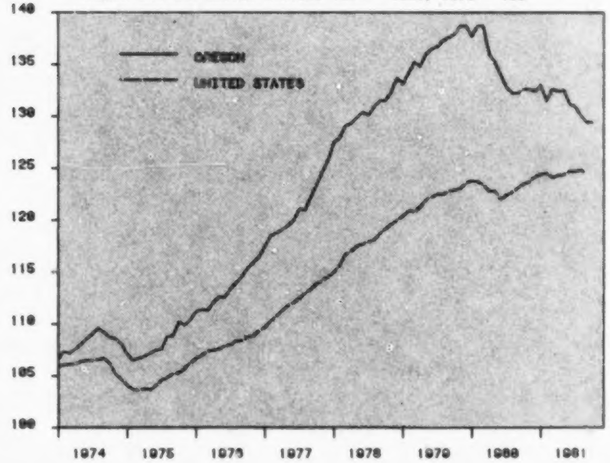
OREGON LUMBER & WOOD PRODUCTS INDUSTRY

	Over the Month		Over the Year		Two Year Change	
	Number	Percent	Number	Percent	Number	Percent
Lumber & Wood Products	-4,500	- 6.9%	-7,800	-11.4%	-22,200	-26.7%
Logging/Sawmills	-2,300	- 6.8	-3,800	-10.8	-12,000	-27.7
Plywood/Veneer	-1,300	- 6.8	-2,700	-13.2	- 6,500	-26.8
Millwork	- 400	- 5.6	- 800	-10.7	- 1,000	-13.0
Mobile Homes	- 100	- 5.6	- 200	-20.0	- 1,400	-45.2
Other Wood Products	- 400	-11.4	- 300	- 8.8	- 1,300	-30.0

Employment in lumber and wood products continued at painfully low levels, nearly 8,000 below last October and more than 22,000 below the October 1979 employment. The table above shows monthly, annual, and two year changes in the lumber and wood products employment.

Although short-term interest rates are declining, mortgage rates remain a depressant on any major building activity in the near future.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT INDEX
OREGON and the UNITED STATES; 1974 - 1981; 1972 = 100



Other important sectors in durable goods are also below employment levels of a year ago, most notably transportation equipment and instruments and related products. While food products declined, the drop was less than seasonally expected due to good October weather and work in sugar beet processing. Other nondurables was also down due in part to the employment loss in paper products resulting from the reduced volume of chips coming from area lumber mills.

When the national housing market is depressed, lumber and wood products is not the only industrial sector that suffers. Construction employment dropped 1,600 from September and is 6,100 below last year. There are currently a third fewer jobs in construction than in 1979, the last good year for building in Oregon. Residential building jobs are down nearly 45% from 1979 levels.

The other sector hurting as a direct consequence of the housing market is finance, insurance, and real estate. Employment in this sector dropped by 1,300 over the month to its lowest level since May 1978. Conditions will not be improved by the recent decision to increase mortgage rates available to Oregon veterans.

Trade and services employment is on the decline in Oregon as consumer confidence and business activity wane. October was one of the weakest months of the year for retailers with sales volume declining by 1.5% nationwide. The economy's weakness is providing a dim outlook for this year's Christmas sales.

The only significant gain in employment came in government which climbed by 12,000 over September levels. Although government employment gains in times of budget cutbacks and recessions is sure to raise eyebrows, the increase was due almost entirely to the education sector as the state university system and local school districts completed their payrolls for the new school year.

Oregon's economy needs low, stable interest rates before real improvements can be made. The recent turnaround in short-term interest rates is a positive move, but to be effective such a move must be more than temporary. There is some evidence to suggest that the current prime rate movement is due more to the general weakness in the economy than anything else. A resurgence of money demand will presumably be met by the Federal Reserve with higher interest rates.

Hope continues for a short and mild recession, but the underlying economic problems of the nation and Oregon will still need to be addressed. For now, it is beginning to look like at least one of four courses of action will need to be followed. We can either have more spending cuts, accept new revenue-raising measures (taxes), stimulate the growth of money, or live with deeper deficits. With a Congress showing reluctance to cut more programs, a president hesitant to impose new taxes, and a Federal Reserve committed to the restraint of monetary growth, hopes for a balanced budget by 1984 are fading fast.

RESIDENT OREGON LABOR FORCE

	1/ Oct. 1981	2/ Sept. 1981	Change	% Change	5/ Oct. 1980
Civilian Labor Force 3/	1,326,900	1,328,800	-1,900	-0.1	1,270,400
Unemployment	126,000	119,400	6,600	5.5	95,800
Percent of Labor Force	9.5	9.0	xxx	xxx	7.5
Seasonally Adjusted Percent	10.6	10.1	xxx	xxx	8.6
Total Employment 4/	1,200,900	1,209,400	-8,500	-0.7	1,174,600

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Oct. 1981	Sept. 1981	Oct. 1980	Sept. 1981	Oct. 1980
TOTAL 1/	1,018,600*	1,021,200*	1,044,100*	-2,600	-25,500
Wage & Salary Employment Index (Seasonally Adjusted)	129.4	129.4	132.6	xxx	xxx
Total Manufacturing	203,900	210,300*	216,800	-6,400	-12,900
Durable Goods	146,900	151,800*	157,800	-4,900	-10,900
Lumber & Wood Products	60,700	65,200	68,500	-4,500	- 7,800
Logging & Sawmills	31,400	33,700	35,200	-2,300	- 3,800
Veneer & Plywood	17,800	19,100	20,500	-1,300	- 2,700
Millwork & Structural Wood	6,700	7,100	7,500	- 400	- 800
Mobile Homes	1,700	1,800	1,900	- 100	- 200
Other Wood Products	3,100	3,500	3,400	- 400	- 300
Furniture & Fixtures	2,700	2,700	2,600	0	100
Stone, Clay, Glass, & Concrete	4,400	4,500	4,800	- 100	- 400
Primary Metals	10,200	10,300	10,700	- 100	- 500
Blast Furnaces, Iron & Steel	5,700	5,800	6,200	- 100	- 500
Nonferrous Metals	4,500	4,500	4,500	0	0
Fabricated Metals	11,800	11,700*	12,500	100	- 700
Fabricated Structural Metals	4,700	4,600	5,000	100	- 300
Other Fabricated Metals	7,100	7,100*	7,500	0	- 400
Machinery	18,300	18,700	17,700	- 400	600
Electrical Equipment & Supplies	9,800	9,700	9,700	100	100
Transportation Equipment	9,200	8,900	10,200	300	- 1,000
Instruments & Related Products	17,400	17,700	19,000	- 300	- 1,600
Miscellaneous Manufacturing	2,400	2,400	2,100	0	300
Nondurable Goods	57,000	58,500	59,000	-1,500	- 2,000
Food & Kindred Products	26,900	27,800	28,300	- 900	- 1,400
Canning & Preserving	16,000	17,500	17,700	-1,500	- 1,700
Other Food Products	10,900	10,300	10,600	600	300
Textile Mill Products	1,800	1,800	1,900	0	- 100
Apparel	3,000	3,000	3,100	0	- 100
Paper & Allied Products	10,200	10,500	10,200	- 300	0
Printing & Publishing	9,700	9,800	9,800	- 100	- 100
Chemicals & Allied Products	2,100	2,100	2,200	0	- 100
Petroleum Refining	600	700	800	- 100	- 200
Rubber & Plastic Products	2,400	2,500	2,400	- 100	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Oct. 1981	Sept. 1981	Oct. 1980	Change From Sept. 1981	Change From Oct. 1980
(cont.)					
Total Nonmanufacturing	814,700*	810,900*	827,300*	3,800	-12,600
Mining & Quarrying	2,300	2,400	2,500	- 100	- 200
Construction	39,300	40,900	45,400	-1,600	- 6,100
Transportation, Communications, & Utilities	59,800	59,800	60,200	0	- 400
Transportation	34,900	34,800	35,100	100	- 200
Railroad	7,300	7,200	7,400	100	- 100
Trucking & Warehousing	17,500	17,300	17,100	200	400
Other Transportation	10,100	10,300	10,600	- 200	- 500
Communications	15,600	15,600	16,100	0	- 500
Utilities	9,300	9,400	9,000	- 100	300
Trade	255,200	257,400	257,800	-2,200	- 2,600
Wholesale Trade	66,800	67,500	68,700	- 700	- 1,900
Durable Goods	39,500	39,700	41,800	- 200	- 2,300
Nondurable Goods	27,300	27,800	26,900	- 500	400
Retail Trade	188,400	189,900	189,100	-1,500	- 700
General Merchandise	26,500	26,800	27,500	- 300	- 1,000
Food Stores	24,900	25,600	24,700	- 700	200
Auto Dealers & Service Stations	23,200	23,300	24,200	- 100	- 1,000
Other Retail Trade	113,800	114,200	112,700	- 400	1,100
Finance, Insurance, & Real Estate	64,700	66,000	69,500	-1,300	- 4,800
Banking & Credit Agencies	24,700	24,700	24,800	0	- 100
Other Finance, Insurance, & Real Estate	40,000	41,300	44,700	-1,300	- 4,700
Services	190,800	193,900*	191,500	-3,100	- 700
Hotels & Personal Services	23,500	24,600	24,500	-1,100	- 1,000
Health Services	64,200	65,100*	62,200*	- 900	2,000
Other Services	103,100	104,200	104,800	-1,100	- 1,700
Government	202,600	190,500	200,400	12,100	2,200
Federal Government	28,700	29,200	29,100	- 500	- 400
State Government	53,700	48,800	55,300	4,900	- 1,600
Education	23,100	18,900	23,600	4,200	- 500
Other State	30,600	29,900	31,700	700	- 1,100
Local Government	120,200	112,500	116,000	7,700	4,200
Education	74,900	66,700	71,800	8,200	3,100
Other Local	45,300	45,800	44,200	- 500	1,100
Labor-Management Disputes	100	500	500	- 400	- 400

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

WEAKNESS CONTINUES

The month of September provided little in the way of relief for Oregon's manufacturing production workers. For the first time since May 1981, average weekly hours did avoid another decline remaining at 37.2. In addition, average hourly earnings rose 27 cents during the last month and 83 cents over the year. This yearly change represents a 9.3% increase. By comparision, though, the Portland Consumer Price Index rose by 13.3% for the same period of time, thus providing a more clear prospective of things.

Signs of weakness were evident in numerous industries, the most notable of these being Construction, and Lumber and Wood Products. Despite posting modest gains in average weekly and hourly earnings, Durable Goods remain in poor health. Other Wood Products did prove to be a bright spot within the Lumber and Wood Products sector, gaining $14.17 in average weekly earnings and average weekly hours gained 1.3. This was not indicative of the sector as a whole where losses of $13.00 in average weekly earnings and 1.8 in average weekly hours were posted. Durable Goods did have one another spot of good news in Primary Metals where average weekly earnings jumped $35.31. This is largely due to the resumption of activities of one firm's mining and nickel smelting operations.

The stability reflected in total Manufacturing hours was the result of offsetting gains by Nondurable Goods, most notably Paper and Allied Products. Even this bit of good news must be tempered some. Employment levels in this sector exhibited a slight decline, pointing to a preference by employers to work longer hours in lieu of increasing their existing work force.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Sept 1981	3/ Aug. 1981	Sept 1980	2/ Sept 1981	3/ Aug. 1981	Sept 1980	2/ Sept 1981	3/ Aug. 1981	Sept 1980
TOTAL MANUFACTURING 4/	$363.07	$353.03	$341.13	37.2	37.2	38.2	$9.76	$9.49	$8.93
SPENDABLE EARNINGS (1967 Dol.) 6/	107.35	105.93	112.07	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	373.86	368.48	356.66	37.2	37.6	38.6	10.05	9.80	9.24
Lumber & Wood Products	359.14	372.14	378.69	34.4	36.2	39.0	10.44	10.28	9.71
Logging & Sawmills	380.56	390.20	396.29	34.1	35.7	38.4	11.16	10.93	10.32
Veneer & Plywood	348.40	377.94	386.78	33.5	36.8	40.5	10.40	10.27	9.55
Millwork & Struct Wood	305.41	299.95	302.61	37.2	37.4	39.3	8.21	8.02	7.70
Mobile Homes	265.53	286.58	284.76	33.4	35.6	36.0	7.95	8.05	7.91
Other Wood Products	363.58	349.41	342.14	37.1	35.8	38.4	9.80	9.76	8.91
Furniture & Fixtures	232.10	236.67	201.89	33.3	34.3	31.3	6.97	6.90	6.45
Primary Metals	493.95	458.64	427.10	41.3	39.1	39.4	11.96	11.73	10.84
Fabricated Metals	347.76	355.32	322.15	37.8	37.8	37.9	9.20	9.40	8.50
Machinery	382.62	372.07	347.39	38.3	38.2	36.8	9.99	9.74	9.44
Nondurable Goods	334.06	313.49	299.03	37.2	36.2	37.1	8.98	8.66	8.06
Food & Kindred Prod	277.81	269.78	254.90	35.3	34.9	35.8	7.87	7.73	7.12
Canning & Preserving	234.25	224.11	214.03	33.9	33.3	34.3	6.91	6.73	6.24
Other Food Products	384.07	383.73	353.13	38.6	38.8	39.5	9.95	9.89	8.94
Textile Mill Products	197.02	199.02	171.96	37.6	38.2	35.9	5.24	5.21	4.79
Apparel	173.22	168.98	165.83	34.3	34.0	33.3	5.05	4.97	4.98
Paper & Allied Products	530.72	459.95	456.79	44.9	40.1	42.1	11.82	11.47	10.85
Printing & Publishing	370.60	353.81	321.17	35.6	35.1	35.1	10.41	10.08	9.15
Construction 4/	511.02	535.50	491.11	32.8	35.0	35.9	15.58	15.30	13.68
Communications & Utilities 5/	387.77	405.58	364.00	38.7	39.3	40.0	10.02	10.32	9.10
Trade 5/	278.60	275.77	251.92	35.0	35.4	34.7	7.96	7.79	7.26
Wholesale Trade	361.17	362.07	323.09	38.3	38.6	38.1	9.43	9.38	8.48
Retail Trade	231.37	227.47	213.19	33.1	33.6	32.9	6.99	6.77	6.48
Banking & Insurance	228.49	224.47	207.28	NA	NA	NA	NA	NA	NA
State & Local Government	304.67	296.55	271.39	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

Despite a 28 cent increase in hourly wage, weekly earnings for Construction declined by $24.48 over the last month. This is consistent with other sectors tied so closely to interest rates and the supply of mortgage money. Weekly earnings for Communications and Utilities also fell by $17.81 during the last month. This is attributable primarily to the downward pressures on the wage rate from reductions in overtime worked during the past month.

For a state reliant on its wood products industries, the picture is not a rosy one. As a result of dependence on interest rates and availability of mortgage funds, the current economic situation has placed a heavy burden on the state as a whole. Given "normal" seasonal trends, present conditions make winter expectations very bleak with hopes for recovery next year.

OREGON BANKRUPTCIES

Bankrupty filings in Oregon were up 77% for businesses and 106% for nonbusinesses, a clear reflection of the State's current economic health. This measure compares the average monthly filings in 1979 to those for the first nine months of 1981.

Filings in the business category rose slightly (+21%) between 1979 and 1980 as interest rates and lower consumer spending forced marginal businesses to close their doors. As interest rates continued at record high levels through 1980 and 1981 business filings doubled (+46%). Since 1979, business bankruptcies have ranged from a low of 40 filings in January 1979 to a high of 119 filings in August 1981.

Nonbusiness filings reflected the same upward trend, but at a different rate. Between 1979 and 1980 nonbusiness filings jumped 82% on the average, while only increasing 13% on the average the first nine months of 1981. High interest rates and job losses were two obvious reasons for these tremendous increases in 1980. As mortgage interest rates stayed at high levels, a number of bankruptcies occurred from people having to refinance at higher interest rates

Althouth bankruptcies were not tabulated by industry, undoubtedly a large portion of the filings in 1980 were from the lumber and wood products or construction related industries. As the recessionary pressures spread to other sectors of the economy their contribution in bankruptcy filings also increased.

For more information on bankruptcies in Oregon contact the Oregon Bankruptcy Court in Portland.

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	1/ Sept 81	2/ Aug 81	Sept 80	1/ Sept 81	2/ Aug 81	Sept 80	1/ Sept 81	2/ Aug 81	Sept 80	1/ Sept 81	2/ Aug 81	Sept 80	1/ Sept 81	2/ Aug 81	Sept 80	1/ Sept 81	2/ Aug 81	Sept 80
MANUFACTURING	4.2	3.3	4.3	2.3	1.9	2.5	1.8	1.3	1.6	6.0	4.3	4.5	1.7	1.4	2.2	3.6	2.3	1.5
Seasonally Adjusted	3.8	3.0	3.8	2.0	1.6	2.1	2.2	1.6	2.0	4.7	4.4	3.6	1.0	1.1	1.3	4.5	3.4	1.8
Durable Goods	4.6	3.3	4.4	2.4	1.8	2.4	2.1	1.4	1.8	6.5	4.5	4.4	1.6	1.2	2.1	4.2	2.6	1.5
Lumber & Wood Prod	3.3	2.4	3.7	1.0	1.1	2.1	2.2	1.1	1.4	9.3	6.1	4.2	1.3	1.2	1.8	7.0	4.3	1.5
Logging & Sawmills	4.7	2.7	3.4	0.9	1.3	1.5	3.6	1.1	1.5	9.3	5.2	5.0	1.2	1.1	1.9	7.3	3.4	2.2
Plywood & Veneer	1.4	1.0	2.1	0.9	0.6	1.3	0.4	0.3	0.6	9.2	8.5	2.8	1.5	1.0	1.4	7.2	6.9	0.8
Millwk & Struc Wood	2.5	4.5	10.0	1.0	1.0	6.6	1.4	3.5	3.3	12.7	5.9	4.2	2.5	1.5	2.0	9.3	3.8	0.6
Furniture & Fixtures	4.6	3.1	7.2	4.1	2.6	5.8	0.3	0.5	1.3	4.1	10.3	6.8	2.4	3.0	5.0	0.3	5.7	1.2
Primary Metals	1.5	1.6	1.9	0.6	0.5	0.8	0.2	1.0	1.1	2.0	2.2	2.9	0.6	0.7	2.1	0.9	0.7	0.5
Fabricated Metals	9.4	8.9	8.7	5.8	3.7	4.3	3.6	5.1	4.4	8.3	4.7	5.8	1.3	1.6	2.4	6.1	2.2	2.3
Machinery	1.9	2.9	3.7	1.1	2.2	2.0	0.7	0.7	1.6	3.5	2.8	3.1	1.4	1.3	1.7	1.8	1.2	0.9
Elec Equip & Sup	5.8	5.3	4.0	5.5	4.8	3.5	0.2	0.4	0.4	3.9	2.9	5.3	2.8	1.6	3.5	0.1	*	1.0
Instrumts & Rel Prod	0.5	1.1	1.5	0.4	0.9	1.2	*	*	0.1	1.8	1.6	2.2	1.4	0.9	1.7	0.1	0.4	0.2
Nondurable Goods	2.9	3.2	3.7	2.1	2.2	3.0	0.7	0.9	0.6	4.2	3.7	4.9	2.3	1.9	2.6	1.4	1.3	1.4
Food & Kind Prod 3/	2.0	3.6	4.2	1.6	2.8	3.5	1.4	0.8	0.8	4.7	2.1	4.4	1.7	1.2	1.8	2.5	0.5	2.3
Textile Mill Prod	4.9	3.3	4.3	4.8	3.0	3.6	0.1	*	0.3	3.6	3.0	6.5	2.7	2.1	5.4	0.4	*	0.6
Apparel	6.6	8.3	7.6	5.4	6.0	5.9	1.0	1.9	1.0	7.3	8.1	8.7	4.9	5.8	6.4	0.4	1.0	0.3
Paper & Allied Prod	1.7	1.6	1.9	0.9	0.8	1.6	0.6	0.7	0.1	4.2	2.5	4.0	2.4	1.1	2.2	1.5	0.9	1.0
Printing & Publish	3.1	2.9	3.1	2.6	2.1	2.8	0.4	0.8	0.3	2.9	3.3	3.9	2.2	2.0	2.1	0.3	0.9	1.3

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary

2/ Revised

3/ Excludes canning and preserving

* Less than 0.05

CAREERS PUBLICATION AVAILABLE AGAIN

"Careers - What's in Store for the 80's?", the Employment Division's highly successful occupational information publication, has been reprinted and is once again available.

The 36-page newspaper tabloid-sized publication the Oregon Occupational Career Guide, which contains up-to-date information on job duties, salary, employment outlook, suggested training, and appropriate schools/training sites for each of 300 careers in Oregon.

For copies, write to:
State of Oregon Employment Division
Room 207
875 Union St. N.E.
Salem, OR 97311

OREGON JOBLESS RATE FIFTH HIGHEST IN NATION

If you are unemployed and job hunting in Oregon, good luck!

In September, Oregon earned the dubious distinction of having the fifth highest unemployment rate in the nation. At 9.0% Oregon's jobless rate was nearly two full points above the national rate of 7.3%. These rates and those for all states in the following table are not adjusted for seasonal variation.

Michigan (10.7), Ohio (10.0), and Alabama (9.8) led the nation in unemployment in September, followed by Indiana (9.1), Oregon (9.0), and Washington (8.8). What these states have in common is their extreme sensitivity to the business cycle. High inflation, tight money, and near record interest rates have wreacked havoc with their economies, which for the most part are heavily dependent on the automobile and housing industries.

While these states are facing severe economic problems, others are manifesting little or no evidence of recession. Five states, for example, had unemployment rates under 4.0% in September. Oklahoma had the lowest rate (3.2%) in the nation for the seventh month in a row. Even though farm profits are down, a boom in oil and gas development, defense contracting, and big pay hikes for military personnel will virtually assure continued prosperity in that region of the country.

The other states where unemployment was lowest in September were Nebraska (3.4), Wyoming (3.5), North Dakota (3.8), and Kansas (3.9). While coal mining provides an added boost in Wyoming, the low unemployment rates in this central region of the country primarily reflect a heavy reliance on agriculture. Farmers and ranchers are being hurt by high costs and low farm prices, but in this industry earnings can, and often do, fluctuate dramatically while labor demand remains fairly stable.

Compared with a year ago, unemployment rates were higher in 22 states, lower in 25 states, and unchanged in three others. The largest increases came in Washington (+1.9), Oregon (+1.4), and Louisiana (+1.4), while the greatest rate declines were in Kentucky (-1.8), Vermont (-1.7), Oklahoma (-1.6), and Michigan (-1.5). Unemployment in the District of Columbia jumped by over two points to 9.5% in September due to cutbacks in the federal work force.

UNEMPLOYMENT RATES BY STATE

	Sept. 1980	Aug. 1981	Sept. 1981
Alabama	9.1	9.4	9.8
Alaska	7.8	8.0	8.0
Arizona	7.0	6.2	5.9
Arkansas	7.2	8.3	7.9
California	6.7	6.9	7.0
Colorado	5.5	4.8	5.0
Connecticut	5.8	6.3	6.0
Delaware	7.1	8.9	6.9
(D.C.)	(7.4)	(10.1)	(9.5)
Florida	7.0	6.7	8.0
Georgia	6.6	6.0	6.1
Hawaii	5.4	5.1	5.3
Idaho	6.7	6.6	6.6
Illinois	8.6	8.0	8.0
Indiana	9.7	8.7	9.1
Iowa	5.5	6.2	5.9
Kansas	4.4	4.1	3.9
Kentucky	8.3	7.1	6.5
Louisiana	6.6	8.4	8.0
Maine	6.9	6.0	6.0
Maryland	6.2	7.2	7.2
Massachusetts	5.9	7.2	6.5
Michigan	12.2	11.0	10.7
Minnesota	5.2	4.4	4.6
Mississippi	7.4	8.3	8.3
Missouri	7.0	6.8	6.3
Montana	4.8	5.9	5.5
Nebraska	3.6	3.5	3.4
Nevada	6.1	6.1	6.6
New Hampshire	4.6	4.4	4.6
New Jersey	7.1	6.6	6.3
New Mexico	7.4	6.9	6.7
New York	7.2	7.0	6.9
N. Carolina	6.6	5.7	5.4
N. Dakota	4.3	4.1	3.8
Ohio	8.9	9.4	10.0
Oklahoma	4.8	2.8	3.2
Oregon	7.6	9.1	9.0
Pennsylvania	7.9	7.7	8.2
Rhode Island	6.4	7.4	6.4
S. Carolina	7.3	7.2	7.6
S. Dakota	4.3	4.4	4.2
Tennessee	7.1	8.0	8.0
Texas	4.5	5.7	5.3
Utah	6.3	5.8	5.9
Vermont	5.9	4.6	4.2
Virginia	5.0	5.4	5.6
Washington	6.9	8.9	8.8
W. Virginia	9.1	8.3	8.0
Wisconsin	6.6	7.3	6.6
Wyoming	3.3	3.6	3.5
United States	7.1	7.2	7.3

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

Prepared by Research and Statistics Section

December 1981

NOVEMBER TRENDS

Wage & Salary Index..128.2 down from 129.0 in Oct
Unemployment Rate..........10.8% up from 9.5 in Oct
Seasonally Adjusted Rate......................11.1%
U.S. Seasonally Adjusted Rate..................8.4%

OREGON ECONOMY - 1981

In economic terms, 1981 has been a year which most folks in Oregon would probably like to forget! It was a year that started on a depressing, though somewhat hopeful, note. Employment in a number of major industries, especially wood products and construction, was at a low ebb and interest rates were once again at near record levels. But Oregon's seasonally adjusted unemployment rate and nonfarm employment index had been improving since about fall 1980. The long-awaited recession which hit Oregon in late 1979 through the spring of 1980 had been very severe but surprisingly short. With a new administration and Congress expected to implement economic recovery measures by summer, the outlook was for a flat economy during the first half of 1981, with recovery beginning after mid-year due to tax cuts and lower inflation and interest rates.

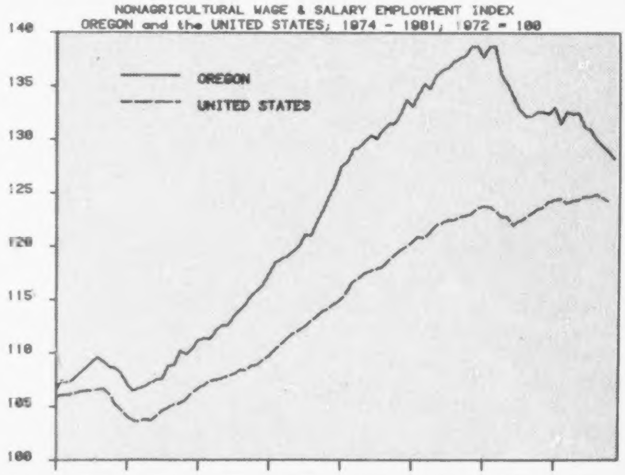
Oregon's economy bumbled along the flat path during the early part of the year, but then took a wrong turn by summer, and has been careening downhill for the past several months. The economy's path in 1981, as well as in previous years, is perhaps best shown by the trends in Oregon's seasonally adjusted unemployment rate and nonfarm employment index.

Oregon's unemployment rate began the year at 8.4%, held stable at around 9.2% from February through May, and then began to skyrocket about mid-year. By November it had soared to 11.1%, virtually equalling the highest rate reached during the 1974-75 recession. The actual number of unemployed also soared in November to an all-time record of 141,700! Further increases are expected in the next few months as winter weather arrives and the effects of the recession continue to ripple through the entire economy. A similar pattern of general stability through May followed by rapid deterioration is also shown by the nonfarm employment index graph.

The overriding problem behind Oregon's depressing 1980 and 1981 economic performance, which is all too familiar now, is the prolonged and severe decline in residential construction throughout the nation. This has devastated Oregon's interest-sensitive economy and has caused massive layoffs and mill closures in the lumber and wood products industry. The federal government's primary reliance on very restrictive monetary policies to squeeze out inflation has been a major factor causing housing construction in the U.S. and Oregon to reach near record lows in recent months.

Employment losses in Oregon's wood products and construction industries have been severe and well publicized this year. But it is apparent from the table in the following article that the recession has now spread far beyond these two sectors.

Nearly every manufacturing and nonmanufacturing industry in Oregon had fewer workers this November than either one or two years ago. Even Oregon's high technology industries, which had been growing rapidly in earlier years, have had to lay off workers in 1981 due to weak markets, especially overseas. Record high interest rates this year have been double trouble for electronics



firms, farm operators, and others who sell their products in foreign markets. In addition to raising their inventory and operating costs, high U.S. interest rates have caused the dollar's foreign exchange value to soar in 1981. This has made many U.S. products and dollar-denominated products like OPEC oil much more expensive for our trading partners overseas.

Although this has resulted in reduced exports and production cutbacks in some industries such as electronics, it did not prevent exports of Oregon's farm products from reaching new highs. Crop and livestock prices have generally been weak in 1981 due to abundant harvests and meat supplies plus financially strapped consumers. This favorable supply and price situation has helped reduce the negative impact of the dollar's rise in foreign exchange markets.

As always however, Oregon agriculture, because of its diversity, has been a mixed picture in 1981. Eastern Oregon wheat farmers harvested a huge crop due to record yields, but the Willamette Valley crop was heavily damaged by wet weather and disease. And while the dairy industry had a profitable year, the beef cattle market remained severely depressed. For the year as a whole, Oregon's net farm income is expected to fall below the 1980 level as farm costs have increased faster than farm prices.

Probably the biggest plus for Oregon's economy in 1981 was the strength of tourism. The gas crunch of 1979, last year's severe economic decline, and to some extent the bad national publicity regarding the May 18 eruption of Mount St. Helens reduced the number of out-of-state visitors to Oregon during the past two years. This summer, visitor counts at the state's six border information centers and reports by a number of tourist attractions indicate that the number of vacationers was up substantially from both 1979 and 1980.

Good news concerning Oregon's economy has not been much in evidence during 1981. Instead, it has been a year that would test even the most ardent optimist. These are some of the reasons why:

- layoffs became so widespread that by November, the loss of nonfarm jobs was -34,600 from one year ago and -83,100 from November 1979.
- unemployment is expected to soar to an average of 9.7% in 1981, compared to 8.2% in 1980 and 6.8% in 1979.
- labor turnover in Oregon manufacturing industries plummeted to the lowest level on record since the data series began in 1958.
- the rate of "new hires" (per 100 employees) has dropped to 1.9, which is about half the normal rate, and "quits" (per 100 employes) are at 1.2; also half the usual rate.
- despite the government's anti-inflation policy of tight money which has caused Oregon so much grief since late 1979, the latest inflation figure for Portland shows consumer prices (CPI-U) were 13.3 percent higher in September than one year ago. The inflation rate for the U.S. during this same period was only slightly lower at 10.9%.

Now, with 1981 nearly over, Oregon's economy is still sliding. Housing starts are at or very near their record lows. Approximately one-fourth of Oregon's wood products workers are out of work, and about the same number are working reduced shifts. Consumers are growing more cautious and so are retailers as the Christmas and New Year's holiday season approaches. A number of industries have scheduled extended closures over the holidays to control inventories, and the Oregon legislature will begin a special session in January to deal with a massive $240 million projected budget deficit. Budget cutbacks at the federal, state and local levels will soon be decided, resulting in layoffs of many government employes.

The one glimmer of hope is that interest rates will continue to decline as they have recently. If they do drop further, and are allowed to stabilize at a lower, more reasonable level by the Federal Reserve, a turnaround in Oregon's economy will occur in the first half of 1982. If instead the tight credit conditions of 1981 are maintained, all bets are off and unemployment and bankruptcies in Oregon could continue to rise sharply.

MONTHLY ECONOMIC ANALYSIS

More bad news came with the release of November's unemployment rates. Unemployed Oregonians number more now than ever before - and further layoffs are yet to come this winter.

Unemployment rose by 15,600 persons last month to a record high 141,700. This unusually large increase pushed Oregon's seasonally adjusted rate up half a point to 11.1% in November, virtually matching the peak rate reached in the 1974-75 recession. U.S. unemployment also worsened, rising to 8.4% from October's 8.0%. The national unemployment rate could reach 9% if the recession lingers.

Even though Oregon has one of the worst unemployment problems in the nation, the number of jobless will still increase during the winter months. Historically, December through April is the peak period for unemployment. Not until Oregon's winter weather abates and outdoor work commences does unemployment decrease. Even then, any economic rebound this next year will be heavily tied to the affordability of homes and mortgage financing - and the outlook is not good.

Interest rates turned up in early December after declining sharply in the past few months. This was a reaction to new projections of high federal deficits. Earlier this year, President Reagan said he wanted to balance the budget by fiscal year 1984. But the current recession and higher than anticipated interest rates have dashed those hopes. Recent estimates by the Office of Management and Budget show that the deficit could be as high as $162 billion in fiscal 1984 without additional spending cuts or tax increases.

Budget officials blame the soaring deficits on the recession. With less economic prosperity, the government takes in fewer tax dollars. Moreover, a mounting deficit in 1982 guarantees budget woes in subsequent years as the government is forced to make even larger interest payments on its expanding debt - currently in excess of $1 trillion.

When the government borrows money to finance deficits, it competes for funds on the open market. If the available number of dollars are not sufficient to meet the demands by government and other borrowers, interest rates may go higher. Higher interest rates will choke off hopes of any substantial relief in home mortgage rates. Fortunately, most economists are expecting a significant increase in the supply of savings due to tax law changes such as deferred compensation or IRA deposits by persons formerly ineligible. Until interest rates come down, Oregon's economy will continue to suffer.

Two-Year Ago Comparisons

Comparing current employment with other time periods is a popular and useful analytical practice. During 1980, Oregon was experiencing employment problems while 1979 was generally a good year for the state. Comparing employment with one and two years ago gives a better, sometimes shocking, picture of just how far Oregon has fallen in this recession.

The following table compares employment in the larger industry sectors for November of 1981, 1980, and 1979. It is no surprise that the hardest hit sector, numerically, is Lumber and Wood Products. It is also no surprise that construction is hardest hit relative to its size. The State and Local Government sectors would have shown a large decline if they had not been bouyed by a 900 increase in Education. Machinery, Utilities, and Health Services are the only selected sectors to show any increase. Other increases are hidden within the Wholesale and Retail Trade sectors where gains were noted in Nondurable Wholesale Trade (+1,700) and Retail Food Stores (+400).

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
SELECTED INDUSTRIES
November 1981, 1980 and 1979

	November			Change From	
	1981	1980	1979	1980	1979
TOTAL	1,001.6	1,036.2	1,084.7	-34.6	-83.1
Total Manufacturing	195.2	212.3	232.2	-17.1	-37.0
Lumber & Wood Prod.	56.5	67.7	80.2	-11.2	-23.7
Primary Metals	10.0	10.8	11.4	- 0.8	- 1.4
Fabricated Metals	11.1	12.5	14.6	- 1.4	- 3.5
Machinery	18.1	17.9	17.8	+ 0.2	+ 0.3
Electrical Equipment	9.1	9.6	9.3	- 0.5	- 0.2
Transportation Equip.	8.9	10.2	12.1	- 1.3	- 3.2
Instruments & Related	17.5	19.0	19.0	- 1.5	- 1.5
Food & Kindred	24.5	24.6	26.0	- 0.1	- 1.5
Paper & Allied	10.2	10.3	10.3	- 0.1	- 0.1
Other Manufacturing	29.3	29.7	31.5	- 0.4	- 2.2
TOTAL NONMANUFACTURING	806.4	823.9	852.5	-17.5	-46.1
Mining & Quarrying	2.0	2.4	2.4	- 0.4	- 0.4
Construction	37.0	42.0	55.4	- 5.0	-18.4
Transportation	34.2	34.8	37.1	- 0.6	- 2.9
Communications	15.6	16.0	16.1	- 0.4	- 0.5
Utilities	9.3	9.0	8.4	+ 0.3	+ 0.9
Wholesale Trade	65.5	68.2	68.8	- 2.7	- 3.3
Retail Trade	185.1	189.7	196.6	- 4.6	-11.5
Finance, Ins. & R.E.	63.1	67.9	70.5	- 4.8	- 7.4
Hotel & Personal Services	23.2	24.0	24.5	- 0.8	- 1.3
Health Services	64.1	62.5	60.2	+ 1.6	+ 3.9
Other Services	102.7	103.5	105.3	- 0.8	- 2.6
Federal Government	28.7	28.9	29.7	- 0.2	- 1.0
State Government	54.4	55.5	56.0	- 1.1	- 1.6
Local Government	121.5	119.5	121.5	+ 2.0	-0.0

Over-the-month

Employment in Lumber and Wood Products continued at painfully low levels, nearly 4,000 less than in October and nearly 24,000 below two years ago. November's 56,500 is the lowest number of workers in this basic industry since February 1949. It is also 4,600 below the 61,100 employed during the depths of the 1974-75 recession. The following table shows detailed monthly, annual, and two year employment changes.

OREGON LUMBER & WOOD PRODUCTS EMPLOYMENT CHANGE
November 1981

	Over the Month		Over the Year		Two-Year	Change
	Number	Percent	Number	Percent	Number	Percent
Lmbr & Wood Prod Total	-3,800	- 6.3%	-11,200	-16.6%	-23,700	-29.6%
Logging/Sawmills	-2,100	- 6.7	- 4,700	-13.8	-12,600	-30.1
Plywood/Veneer	- 900	- 5.2	- 4,100	-23.6	- 7,300	-30.7
Millwork	- 600	- 9.0	- 1,700	-21.8	- 1,300	-17.6
Mobile Homes	- 100	- 6.3	- 400	-21.1	- 1,400	-48.3
Other Wood Products	- 100	- 3.1	- 300	- 8.8	- 1,100	-26.2

Most other Durable Goods industries registered declines. Stone, Clay, Glass and Concrete followed trends in construction by losing 300. With production activity curtailed in wood products operations, demand for Fabricated Metals products also declined, triggering losses of 1,400 workers. Transportation Equipment reversed gains made in recent months. Because of the current economic doldrums, a major employer temporarily curtailed operations. Poor new auto sales have also reduced demand for Primary Metals with at least two major firms retrenching to compensate for the extremely soft market.

Construction has been particularly devastated by the misfortunes of the current economic situation. In November, employment stood at 37,000, a loss of 2,200 over the month, 5,000 over the year, and 18,400 since two years ago. Heavy construction was the big loser last month, dropping 1,000. Although residential construction did increase by 200, employment is still far below previous levels in recent history. The following table shows detailed monthly, annual, and two-year changes.

OREGON CONSTRUCTION EMPLOYMENT CHANGE - NOVEMBER 1981

	Over the Month		Over the Year		2 Year	Change
	Number	%	Number	%	Number	%
Construction Total	-2,200	- 5.6%	-5,000	-11.9%	-18,400	-33.2%
General Building - Residential	+ 200	+ 4.2	-1,000	-16.7	-3,600	-41.9
General Building - Nonresident	- 300	- 7.2	-1,000	-20.4	- 2,900	-42.7
Heavy Construction	-1,000	-13.5	-1,300	-16.9	- 4,200	-39.6
Special Trades	-1,100	- 4.8	-1,700	- 7.3	- 7,700	-26.2

Employment in Trade fell by 2,600 from last month, 7,300 from a year ago, and 14,800 from November 1979. These figures reflect the same softness in consumer spending as experienced nationally. Businesses are reluctant to hire seasonal holiday workers in the face of weak sales expectations.

Conclusion

Let's not pull any punches. In the next few months, still more workers are going to lose their jobs. Most will be lost due to normal seasonal contractions. Industry sectors dependent on construction of new homes should bottom out during

State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
December 11, 1981

RESIDENT OREGON LABOR FORCE

	1/ Nov. 1981	2/ Oct. 1981	Change	% Change	5/ Nov. 1980
Civilian Labor Force 3/	1,316,700	1,323,600	- 6,900	- 0.5	1,255,000
Unemployment	141,700	126,100	+15,600	+12.4	101,200
Percent of Labor Force	10.8	9.5	xxx	xxx	8.1
Seasonally Adjusted Percent	11.1	10.6	xxx	xxx	8.4
Total Employment 4/	1,175,000	1,197,500	-22,500	- 1.9	1,153,800

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Nov. 1981	Oct. 1981	Nov. 1980	Change From Oct. 1981	Change From Nov. 1980
TOTAL 1/	1,001,600	1,014,800	1,036,200	-13,200	-34,600
Wage & Salary Employment Index (Seasonally Adjusted)	128.2	129.0	132.6	xxx	xxx
Total Manufacturing	195,200	202,700	212,300	- 7,500	-17,100
Durable Goods	140,400	145,700	157,000	- 5,300	-16,600
Lumber & Wood Products	56,500	60,300	67,700	- 3,800	-11,200
Logging & Sawmills	29,300	31,400	34,000	- 2,100	- 4,700
Veneer & Plywood	16,500	17,400	20,600	- 900	- 4,100
Millwork & Structural Wood	6,100	6,700	7,800	- 600	- 1,700
Mobile Homes	1,500	1,600	1,900	- 100	- 400
Other Wood Products	3,100	3,200	3,400	- 100	- 300
Furniture & Fixtures	2,600	2,700	2,600	- 100	0
Stone, Clay, Glass, & Concrete	4,100	4,400	4,500	- 300	- 400
Primary Metals	10,000	10,200	10,800	- 200	- 800
Blast Furnaces, Iron & Steel	5,700	5,700	6,300	0	- 600
Nonferrous Metals	4,300	4,500	4,500	- 200	- 200
Fabricated Metals	11,100	11,700	12,500	- 600	- 1,400
Fabricated Structural Metals	4,500	4,600	5,000	- 100	- 500
Other Fabricated Metals	6,600	7,100	7,500	- 500	- 900
Machinery	18,100	18,300	17,900	- 200	200
Electrical Equipment & Supplies	9,100	9,000	9,600	100	- 500
Transportation Equipment	8,900	9,200	10,200	- 300	- 1,300
Instruments & Related Products	17,500	17,500	19,000	0	- 1,500
Miscellaneous Manufacturing	2,500	2,400	2,200	100	300
Nondurable Goods	54,800	57,000	55,300	- 2,200	- 500
Food & Kindred Products	24,500	26,900	24,600	- 2,400	- 100
Canning & Preserving	13,900	16,100	14,000	- 2,200	- 100
Other Food Products	10,600	10,800	10,600	- 200	0
Textile Mill Products	1,800	1,800	1,900	0	- 100
Apparel	3,000	3,000	3,100	0	- 100
Paper & Allied Products	10,200	10,200	10,300	0	- 100
Printing & Publishing	9,800	9,700	9,800	100	0
Chemicals & Allied Products	2,100	2,100	2,200	0	- 100
Petroleum Refining	700	600	700	100	0
Rubber & Plastic Products	2,400	2,400	2,400	0	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Nov. 1981	Oct. 1981	Nov. 1980	Oct. 1981	Nov. 1980
(cont.)					
Total Nonmanufacturing	806,400	812,100	823,900	- 5,700	-17,500
Mining & Quarrying	2,000	2,300	2,400	- 300	- 400
Construction	37,000	39,200	42,000	- 2,200	- 5,000
Transportation, Communications, & Utilities	59,100	59,400	59,800	- 300	- 700
Transportation	34,200	34,500	34,800	- 300	- 600
Railroad	7,000	7,000	7,400	0	- 400
Trucking & Warehousing	17,100	17,400	17,000	- 300	100
Other Transportation	10,100	10,100	10,400	0	- 300
Communications	15,600	15,600	16,000	0	- 400
Utilities	9,300	9,300	9,000	0	300
Trade	250,600	253,200	257,900	- 2,600	- 7,300
Wholesale Trade	65,500	66,600	68,200	- 1,100	- 2,700
Durable Goods	38,300	39,200	41,700	- 900	- 3,400
Nondurable Goods	27,200	27,400	26,500	- 200	700
Retail Trade	185,100	186,600	189,700	- 1,500	- 4,600
General Merchandise	26,800	26,400	29,300	400	- 2,500
Food Stores	24,700	24,900	24,600	- 200	100
Auto Dealers & Service Stations	22,300	23,100	23,800	- 800	- 1,500
Other Retail Trade	111,300	112,200	112,000	- 900	- 700
Finance, Insurance, & Real Estate	63,100	64,500	67,900	- 1,400	- 4,800
Banking & Credit Agencies	24,400	24,600	24,900	- 200	- 500
Other Finance, Insurance, & Real Estate	38,700	39,900	43,000	- 1,200	- 4,300
Services	190,000	191,800	190,000	- 1,800	0
Hotels & Personal Services	23,200	23,700	24,000	- 500	- 800
Health Services	64,100	64,600	62,500	- 500	1,600
Other Services	102,700	103,500	103,500	- 800	- 800
Government	204,600	201,700	203,900	2,900	700
Federal Government	28,700	28,700	28,900	0	- 200
State Government	54,400	54,100	55,500	300	- 1,100
Education	24,500	23,600	24,500	900	0
Other State	29,900	30,500	31,000	- 600	- 1,100
Local Government	121,500	118,900	119,500	2,600	2,000
Education	76,900	74,400	74,200	2,500	2,700
Other Local	44,600	44,500	45,300	100	- 700
Labor-Management Disputes	100	100	100	0	0

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

the coming winter months. After a brief holiday flurry, Wholesale and Retail Trade will hit seasonal lows as will Food Products Manufacturing. Fewer transportation workers will be needed to move fewer manufactured products and Government, at all levels, will be laying off additional workers. There is little hope that any of Oregon's major employment sectors will begin to turn around until spring at the earliest.

There is no way to fight inflation and budget deficits without going through some deep waters. The water is high and rising, but the worst should be over by mid 1982.

OCCUPATIONS WITH A "SHORTAGE OF WORKERS"

In spite of the high unemployment in Oregon, there are occupations where a shortage of workers exists. However, not all "shortages" are equally important in the labor market. One common type of shortage exists because of low pay and/or poor working conditions. Occupations that typically suffer from this malady (high turnover) include:

- Nurse's Aide
- Clerk-Typist
- Cashier-Checker
- Waiter/Waitress
- Short Order Cook

This type of "shortage" as measured by more demand (openings) than supply (workers) indicates a shortage of "willing" workers. To cure the "disease" a prescription of increase in wage benefits and/or better working conditions would go a long way toward lowering turnover and bringing the labor market into balance.

A less common type of "shortage" involves the shortage of trained labor. The symptoms of this problem are often much harder to diagnose and the cure requires long term investments in both institutional and personal resources. The determination of whether there is a shortage of trained workers requires careful occupational demand/supply analysis. In Oregon, the Occupational Program Planning System (OPPS) has been developed for this purpose. OPPS publishes each year both a state and local occupational demand/supply report that indicates whether there is a shortage, balance or surplus of workers for some 200 occupational training program areas. Among the "shortage" areas listed in the 1981 statewide publication are the following:

- Health
  - Pharmacist
  - Dentist
  - Medical Doctor
  - Optometrist
  - Chiropractor
  - Dental Hygienist
  - Medical Lab Technologists
  - Practical and Professional Nurse
  - Radiologic & Nuclear Medical Technologist
  - X-Ray Technologist
  - Inhalation Therapist
  - Optician
  - Electrocardiograph Technician
- Computer Science
  - Systems Analyst
- Secretarial
  - Court Recorder
- Mechanics
  - Mechanical Engineering Technician
  - Instrument Mechanic & Maker
- Electronics
  - Electrical Engineering Technician
  - Electrical Engineer
  - Electric Motor Repairer
- Graphics
  - Paste-Up Copy Camera Operator

As indicated above, occupations with a shortage of workers clearly are of a technical nature requiring specialized training. As long as Oregon's economic picture is gloomy this will probably be the case. Many workers, therefore, will have to focus their job hunting skills towards occupations with the other type of "shortage" problem.

For more information contact:
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TIME: IS IT ON OUR SIDE?

Production activities of durable and nondurable goods remained stagnant or declined during the past month. The shift in national economic policy coupled with high interest rates has caused several variables to become increasingly important in economic forecasting, not the least of which is time. Much like a cast of actors waiting for their cue, elements of Oregon's economy are wondering when and how the show will get on the road.

Fair weather did play a role in Oregon's business activity, contributing to a slight improvement in the workweek average. This was especially evident in Construction and Logging & Sawmill activities, where average weekly hours rose by 1.8 and 3.0 respectively. A modest increase in weekly hours was also posted for Veneer and Plywood. This was the extent of reprieve from a dour economy, however. Though Lumber and Wood Products employers reported slight gains in average weekly hours and earnings as a result of the jump in hours for Logging and Sawmill operations, all other segments of the wood products industry did not fare nearly as well. Most significant of these was a $20.27 decline in weekly earnings for Millwork and Structural Wood and a $13.84 drop for Other Wood Products. It is anticipated that Logging activity will also settle into a seasonal trend of curtailed operations, though at much lower than normal levels. It is interesting to note that export activity has remained reasonably stable during the past year. As export quotas are reached, further curtailments in logging operations could result should the domestic market fail to revive.

The Primary Metals sector of Durable Goods is also feeling the effects of a stumbling economy. Weekly earnings fell by $15.95 from month ago levels, with a 1.3 decline in weekly hours as well. Reductions may be a harbinger of things to come. Impacting on curtailments by key firms are the reduced demand for nonferrous metal due to lagging auto sales and the recently enacted Northwest Energy Bill. In essence, by driving up production costs through higher electric rates, some northwest firms become higher cost facilities subject to cutbacks in production for inventory control.

The Nondurable Goods sector was not a picture of health either, with only Apparel registering an increase in average hourly earnings. After posting strong gains last month, Paper and Allied Products average weekly earnings fell by $46.83, because of a reduction in overtime hours worked. To augment normal supplies of wood chips affected by mill closures, some firms are increasing chip operations of their own. Printing and Publishing also reported a $47.08 drop in average weekly earnings due to a decline in business activity. This is the first drop recorded for an October report period since 1976.

All Nonmanufacturing sectors posted declines in average hours and earnings, with the exception of Construction, which received a shot in the arm due to the fair October weather. Seasonally adjusted employment for Construction fell by 800, however. State and Local Government recorded its second largest September to October decline of average weekly earnings in over six years. Responsibility for the decline rests with recent budget curtailments and the hiring of lower paid student employes.

Oregon's recovery from its current doldrums will be long and arduous. The reasons are many but all hinge on continued, though moderating, high interest rates and soft lumber prices. Add to this the international strength of the dollar and the result is a growing list of fatalities for Oregon businesses.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Oct. 1981	3/ Sept 1981	Oct. 1980	2/ Oct. 1981	3/ Sept 1981	Oct. 1980	2/ Oct. 1981	3/ Sept 1981	Oct. 1980
TOTAL MANUFACTURING 4/	$360.75	$361.96	$337.82	37.5	37.2	38.0	$9.62	$9.73	$8.89
SPENDABLE EARNINGS (1967 Dol.) 6/	106.54	107.09	109.91	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	376.00	372.00	349.98	37.6	37.2	38.0	10.00	10.00	9.21
Lumber & Wood Products	369.14	357.41	359.20	35.7	34.3	37.3	10.34	10.42	9.63
Logging & Sawmills	405.15	377.74	370.39	37.0	34.0	36.1	10.95	11.11	10.26
Veneer & Plywood	348.14	349.10	381.68	33.8	33.6	39.8	10.30	10.39	9.59
Millwork & Struct Wood	279.76	300.03	292.61	34.2	36.5	38.3	8.18	8.22	7.64
Mobile Homes	251.84	265.53	270.33	32.0	33.4	35.9	7.87	7.95	7.53
Other Wood Products	347.28	361.12	316.28	36.1	37.0	35.9	9.62	9.76	8.81
Furniture & Fixtures	239.25	232.10	211.95	33.0	33.3	31.4	7.25	6.97	6.75
Primary Metals	478.00	493.95	413.57	40.0	41.3	38.4	11.95	11.96	10.77
Fabricated Metals	341.87	345.71	321.40	36.1	37.7	39.1	9.47	9.17	8.22
Machinery	380.62	383.23	346.32	38.1	38.4	37.0	9.99	9.98	9.36
Nondurable Goods	322.27	335.92	305.14	37.3	37.2	38.0	8.64	9.03	8.03
Food & Kindred Prod	283.05	281.34	267.67	37.0	35.3	37.7	7.65	7.97	7.10
Canning & Preserving	250.34	234.26	233.50	36.6	34.0	37.6	6.84	6.89	6.21
Other Food Products	359.29	389.76	342.47	37.9	38.4	37.8	9.48	10.15	9.06
Textile Mill Products	197.76	197.46	171.69	38.4	37.9	35.4	5.15	5.21	4.85
Apparel	178.54	173.72	167.18	34.6	34.4	34.4	5.16	5.05	4.86
Paper & Allied Products	483.89	530.72	442.90	41.5	44.9	41.2	11.66	11.82	10.75
Printing & Publishing	325.30	372.38	338.31	32.4	35.6	35.8	10.04	10.46	9.45
Construction 4/	543.39	507.09	486.13	34.9	33.1	34.6	15.57	15.32	14.05
Communications & Utilities 5/	406.25	412.24	372.93	39.1	39.6	39.8	10.39	10.41	9.37
Trade 5/	268.66	279.75	250.85	34.4	35.1	34.6	7.81	7.97	7.25
Wholesale Trade	353.63	358.91	327.55	37.5	37.9	38.4	9.43	9.47	8.53
Retail Trade	221.71	233.83	209.29	32.7	33.5	32.6	6.78	6.98	6.42
Banking & Insurance	228.46	228.64	209.98	NA	NA	NA	NA	NA	NA
State & Local Government	290.16	304.26	264.77	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

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Special Reports

The following special reports were released by the Labor Market Information Unit during 1981:

Affirmative Action Data Packets
Annual Planning Information Reports
Area Economic Reports
Careers, What's In Store for the 80's
Jackson County Economic Review - 1981 Update
Josephine County Economic Review
Labor Market Information Directory
Occupational Employment Trends: 1979-1987
Oregon Covered Employment and Payrolls - 1978
Oregon Wage Information

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

January, 1982 SALEM, OREGON

DECEMBER TRENDS

Wage & Salary Index. 127.5 down from 128.1 in Nov
Unemployment Rate...... 11.7% up from 10.8% in Nov
Seasonally Adjusted Rate.................... 11.4%
U.S. Seasonally Adjusted Rate................ 8.9%

OREGON'S ECONOMY—1982

After two full years of back to back recession, most people, including even economists, are in agreement that Oregon's current economic slide has nearly run its course. But while we may be close to the bottom of this business cycle, it is not at all clear how long we will linger there. And once the recovery begins, what will be its strength and duration?

Since the fall of 1979, Oregon's wood products based economy has been reeling under the burden of restrictive Federal Reserve monetary policy and the results of this policy, namely record high interest rates and tight credit conditions.

National housing starts have plummeted from two million units in 1977 and 1978 to 1.3 million in 1980 and probably less than 1.1 million in 1981. At that level, 1981 would be one of the worst years for housing since 1946! In recent months the annual rate at which homes were being built has fallen even further to record lows below 900,000 units.

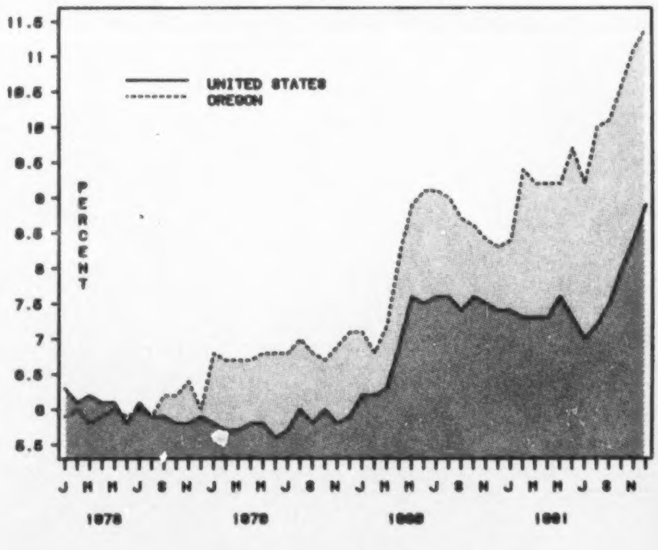
The depression in housing has taken its biggest toll in Oregon on the lumber and wood products and construction industries which currently employ 22,700 and 18,200 fewer persons than two years ago. By December virtually every other manufacturing and nonmanufacturing industry in the state had fewer workers than in late 1979. Total nonfarm payroll employment losses were 37,700 over the year and 86,200 since December, 1979.

Not surprisingly unemployment in Oregon has risen dramatically! From a low point of 6.0% in 1978, annual average unemployment jumped in subsequent years to 6.8%, 8.2%, and finally 9.7% in 1981. Last month record highs were reached when Oregon's seasonally adjusted unemployment rate hit 11.4% in December, reflecting nearly 155,000 persons out of work! It was the fifth straight monthly increase in the jobless rate.

The recession has also resulted in work week reductions in many industries, and a significant increase in the number of people who have just given up looking for work. Many Oregonians have become so discouraged they have left the state causing population declines in some timber-dependent communities.

Although Oregon's current economic condition is dismal, virtually all economists agree that a turnaround will occur by spring or summer. Can all these economists be wrong? Unfortunately the answer is yes - but not likely.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES
UNITED STATES AND OREGON, 1978-1981



The key to recovery in Oregon is lower interest rates and increased availability of credit, especially for housing. Despite some limited progress in diversifying Oregon's economy in recent years, the fact remains that Oregon is still the nation's leading producer of lumber and plywood. Since one third to nearly half of Oregon's softwood lumber and plywood production normally goes into the housing market, the health of this sector is still vitally important.

In recent months interest rates have declined in response to a slowdown in the inflation rate, an easing in Federal Reserve monetary policy, and weak private credit demands as the national economy plunged into yet another recession. The outlook, at least during the first and perhaps second quarters of 1982 is for further economic deterioration and higher unemployment rates in both Oregon and the nation. During this period however, the rate of inflation and the general trend for interest rates should decline further. These developments, plus the pent-up demand for housing, increased availability of credit and mortgage financing, and higher real incomes resulting from mid-year tax cuts, should set the stage for recovery in the housing and wood products markets by next summer.

In the second half of 1982, business activity should be gradually improving not only in housing and wood products but in some other sectors as well, particularly those related to consumer spending and business investments in cost saving equipment. Two sectors in Oregon that should benefit are tourism and the electronics industry. Lower inflation and interest rates will also tend to stimulate Oregon exports of farm products, high technology equipment, and other goods as the economies of European and Pacific Rim countries also begin to recover.

Although Oregon's economy is expected to improve during the second half of 1982, it will still be quite sick! Unemployment will continue to be extremely high and employment levels depressed in most industries, especially when compared to the 1978-79 period. Layoffs in state and local governments will probably accelerate as federal and state revenue sharing programs are either reduced or eliminated, and tax revenues are limited by the weak economy and voter resistance to higher property taxes.

In looking at the 1982 outlook, it is important to realize that the Reagan Administration's economic policies focus mainly on solving the longer run problems of high inflation and low worker productivity. They are not designed nor intended to be a "quick fix" for recharging a depressed economy and reducing high unemployment.

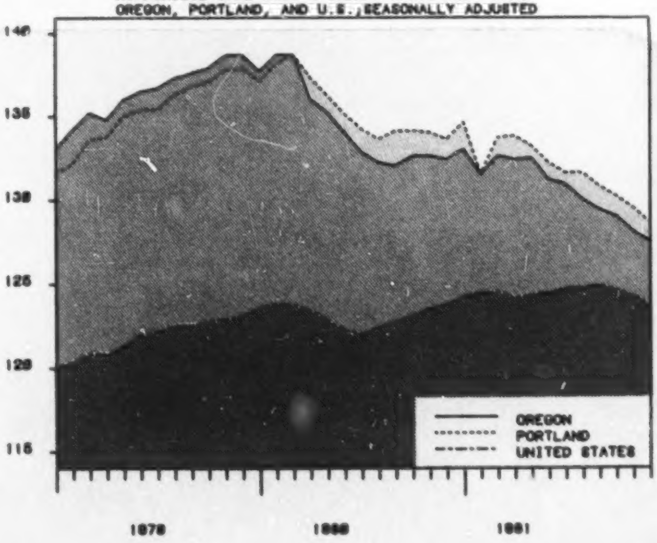
Basically the Administration's recovery plan has four components: massive spending reductions, tax cuts, regulatory reform, and slower growth in the money supply. Through these measures and the tauted virtues of "supply-side economics", the administration expects to reduce the tax burden, reallocate federal spending from non-defense to military-related programs, increase rates of savings and investment, sharply reduce inflation and the level of interest rates, and thereby stimulate the economy.

What this means for Oregon is that the recovery in housing is likely to be slower and weaker than in past recovery periods. The National Association of Homebuilders, for example, expects housing starts to rise only slightly in 1982 to about 1.35 million units from just under 1.1 million in 1981. Despite the recession and the fact that 1982 is an election year, monetary policy is likely to remain somewhat restrictive, or at best neutral, as the Federal Reserve continues to concentrate on reducing inflation.

If the Administration's overall program does finally succeed in quelling the inflationary fires and bringing interest rates down to much lower levels that can be sustained, Oregon could benefit substantially. The recovery which should begin in the second half of 1982, could then continue to pick up momentum well into 1983 and 1984 led by a solid rebound in housing construction.

If, on the other hand, the program results in massive federal budget deficits which can only be financed by crowding out private sector credit needs, interest rates could once again soar and stall further recovery in 1983. The major uncertainty therefore is not whether Oregon's economy turns around during 1982. It will, but the year as a whole will be stained by higher average unemployment above 10% and a lack of significant employment growth. The outlook for 1983 is where most crystal balls fog up. Much will depend on the Federal Reserve, the strength of the 1982 recovery, and also the mood of the voters next November.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT INDEX
OREGON, PORTLAND, AND U.S., SEASONALLY ADJUSTED



OREGON'S DECLINING ECONOMY — THE DECEMBER STORY

December ended the year on a dismal note with most economic indicators moving in a negative direction. The only good news was that inflation, as measured by the consumer price index, appears to have eased significantly over the year. But as the weight of inflation eased slightly, the burden on the unemployed grew heavier.

As the year closed 8,807,000 Americans were out of work with 154,500 of these being Oregonians. Predictably, employment during the Christmas month dropped further, even with the surge of holiday shoppers.

For the fifth straight month the nation's jobless problem worsened. December's 8.9% rate (seasonally adjusted) jumped a half point from November's figure. Oregon followed suit, registering an 11.4% rate, exceeding both November's 11.1% figure and October's 10.6% rate. In fact, on record it was the highest monthly rate.

With December data now available, annual average unemployment rates can also be calculated. Oregon recorded a 9.7% annual jobless rate for 1981, far surpassing 1980's rate of 8.2% and 1979's rate of 6.8%. Over the last 10 years only the 10.5 rate in 1975 ranked above the 9.7% level.

The nation, meanwhile, posted a preliminary 7.4% annual jobless rate, up slightly from the rates of 7.1% in 1980 and 5.8% in 1979. Adding to the gloom, predictions now indicate an even higher annual rate in 1982 for both the State and Nation as the recessionary pressures continue.

On a positive note, inflation is expected to continue its downward trend throughout most of 1982. This indeed is a positive sign, especially in Oregon where the cost of reduced inflation is being paid at the unemployment lines. A preliminary guess places Oregon's inflation gain at 8.9% over the year, while the nation's rise will be close to 10.5%. Both gains are much lower than the previous year, but both still remain at an unacceptably high plateau.

Any further declines in the inflation picture will be impeded by the current high interest rates. New home mortgage rates nationwide began the year with an effective rate of 13.3%. From there the rate crawled upward to November's 16.4% before dipping to 15.9 in December. These percentages are a far cry from the 11% rate recorded during the winter of 1979, and the 12-13% range needed to stimulate the national housing industry.

With the exception of Logging and Sawmill operations, total employment for the rest of the Lumber and Wood Products industry actually rose by 100. The limited upswing in employment originates primarily from smaller firms reporting modest recalls of previously laid-off personnel.

Construction employment showed no sign of reversing its downward movement in December. Led by drops in heavy construction, the sector now stands 40% short of its December 1979 job level. A look at forecasted national housing starts portends little hope for the industry's future. The year 1982 is expected to see only marginal gains over the predicted 1.1 million starts in 1981. Forecasts now place 1982 housing starts in the 1.4 million range just slightly above the 1980 start level of 1.3 million, but far from the 2.0 million peak in 1977 and 1978.

The recession ripped through most of Oregon's other manufacturing sectors over the month. Primary and Fabricated Metals reported sagging employment totals due primarily to shallow demand for aluminum and fabricated metal equipment. Transportation Equipment (mostly ship and boxcar building/repair) experienced a major decline as work slackened in the shipyards. Food Processing employment actually rose 400 (seasonally adjusted), but overall this industry remained troubled by recent closures and cutbacks.

Total trade employment showed an atypical decline (-300) and Retail trade showed a small gain in December as both consumers and store managers remained cautious. Normally retail employment increases by over 3,000 in December as stores gear up to meet the Christmas rush. December was the third month in a row in which trade employment failed to reach normal seasonal expectations.

All totaled, December was not a good month for the economy, nor was it expected to be. Retailers, many of whom survive the winter months on December's profits, had been less than optimistic about Christmas buying. Pre-Christmas sales to stimulate buying were prevalent throughout much of the U.S. with Oregon being no exception. The Commerce Department statistics confirmed what retailers already knew - Christmas buying was mediocre at best. Retail sales nationwide rose only 0.4% in December (seasonally adjusted) before adjusting for inflation.

In Oregon, nonagricultural wage and salary employment levels also left little room for optimism. The nonag payroll index slid for the seventh straight month to 127.5. A good indicator of job growth or decline, this indicator has slid almost continually since its peak of 138.7 in February of 1980.

The number of nonag payroll jobs in December reflected this trend of the index by ducking below the one million job mark for the first time since last February. In total, 990,100 payroll jobs were filled during December, 37,700 less than last year. An equal portion of the reduction belonged to the manufacturing and the nonmanufacturing sectors, a sad commentary on the primary industries since less than 20% of the total is in manufacturing.

Losses in the beleaguered Lumber and Wood Products industry led the way, followed by much

RESIDENT OREGON LABOR FORCE

	Dec. 1981 1/	Nov. 1981 2/	Change	% Change	Dec. 1980 5/
Civilian Labor Force 3/	1,323,300	1,317,000	+ 6,300	+0.5	1,248,200
Unemployment	154,500	141,900	+12,600	+8.9	107,900
Percent of Labor Force	11.7	10.8	xxx	xxx	8.6
Seasonally Adjusted Percent	11.4	11.1	xxx	xxx	8.3
Total Employment 4/	1,168,800	1,175,100	-6,300	-0.5	1,140,300

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Dec. 1981	Nov. 1981	Dec. 1980	Nov. 1981	Dec. 1980
TOTAL 1/	990,100	1,001,400	1,027,800	-11,300	-37,700
Wage & Salary Employment Index (Seasonally Adjusted)	127.5	128.1	132.4	xxx	xxx
Total Manufacturing	190,500	194,500	209,300	- 4,000	-18,800
Durable Goods	138,500	140,300	156,000	- 1,800	-17,500
Lumber & Wood Products	55,200	56,500	67,000	- 1,300	-11,800
Logging & Sawmills	27,400	28,800	33,200	- 1,400	- 5,800
Veneer & Plywood	16,800	16,800	20,700	0	- 3,900
Millwork & Structural Wood	6,500	6,300	7,800	200	- 1,300
Mobile Homes	1,400	1,400	1,800	0	- 400
Other Wood Products	3,100	3,200	3,500	- 100	- 400
Furniture & Fixtures	2,500	2,500	2,600	0	- 100
Stone, Clay, Glass, & Concrete	4,000	4,100	4,500	- 100	- 500
Primary Metals	9,800	10,000	10,900	- 200	- 1,100
Blast Furnaces, Iron & Steel	5,600	5,700	6,300	- 100	- 700
Nonferrous Metals	4,200	4,300	4,600	- 100	- 400
Fabricated Metals	11,000	11,200	12,300	- 200	- 1,300
Fabricated Structural Metals	4,400	4,500	4,900	- 100	- 500
Other Fabricated Metals	6,600	6,700	7,400	- 100	- 800
Machinery	18,000	18,100	18,000	- 100	0
Electrical Equipment & Supplies	9,800	9,100	9,600	700	200
Transportation Equipment	8,100	8,900	9,800	- 800	- 1,700
Instruments & Related Products	17,400	17,400	19,000	0	- 1,600
Miscellaneous Manufacturing	2,700	2,500	2,300	200	400
Nondurable Goods	52,000	54,200	53,300	- 2,200	- 1,300
Food & Kindred Products	21,900	24,000	22,600	- 2,100	- 700
Canning & Preserving	11,400	13,400	12,100	- 2,000	- 700
Other Food Products	10,500	10,600	10,500	- 100	0
Textile Mill Products	1,800	1,800	1,900	0	- 100
Apparel	3,000	2,900	3,100	100	- 100
Paper & Allied Products	10,300	10,300	10,300	0	0
Printing & Publishing	9,700	9,700	9,800	0	- 100
Chemicals & Allied Products	2,000	2,100	2,200	- 100	- 200
Petroleum Refining	600	700	700	- 100	- 100
Rubber & Plastic Products	2,400	2,400	2,400	0	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Dec. 1981	Nov. 1981	Dec. 1980	Nov. 1981	Dec. 1980
(cont.)					
Total Nonmanufacturing	799,600	806,900	818,500	- 7,300	-18,900
Mining & Quarrying	1,800	2,000	2,200	- 200	- 400
Construction	34,300	36,800	38,400	- 2,500	- 4,100
Transportation, Communications, & Utilities	58,400	59,000	60,100	- 600	- 1,700
Transportation	33,500	34,100	35,100	- 600	- 1,600
Railroad	7,000	6,900	7,400	100	- 400
Trucking & Warehousing	16,400	17,200	17,100	- 800	- 700
Other Transportation	10,100	10,000	10,600	100	- 500
Communications	15,600	15,600	16,000	0	- 400
Utilities	9,300	9,300	9,000	0	300
Trade	251,400	251,700	259,300	- 300	- 7,900
Wholesale Trade	64,800	65,400	67,900	- 600	- 3,100
Durable Goods	37,800	38,200	41,500	- 400	- 3,700
Nondurable Goods	27,000	27,200	26,400	- 200	600
Retail Trade	186,600	186,300	191,400	300	- 4,800
General Merchandise	28,000	27,100	30,700	900	- 2,700
Food Stores	25,200	24,900	24,900	300	300
Auto Dealers & Service Stations	22,100	22,400	23,400	- 300	- 1,300
Other Retail Trade	111,300	111,900	112,400	- 600	- 1,100
Finance, Insurance, & Real Estate	63,300	63,600	67,600	- 300	- 4,300
Banking & Credit Agencies	24,500	24,500	25,000	0	- 500
Other Finance, Insurance, & Real Estate	38,800	39,100	42,600	- 300	- 3,800
Services	189,600	190,000	189,700	- 400	- 100
Hotels & Personal Services	23,100	23,400	24,200	- 300	- 1,100
Health Services	63,800	64,000	62,400	- 200	1,400
Other Services	102,700	102,600	103,100	100	- 400
Government	200,800	203,800	201,200	- 3,000	- 400
Federal Government	28,400	29,000	28,600	- 600	- 200
State Government	52,200	53,700	54,000	- 1,500	- 1,800
Education	23,300	23,900	23,600	- 600	- 300
Other State	28,900	29,800	30,400	- 900	- 1,500
Local Government	120,200	121,100	118,600	- 900	1,600
Education	76,000	76,600	73,700	- 600	2,300
Other Local	44,200	44,500	44,900	- 300	- 700
Labor-Management Disputes	100	100	0	0	+ 100

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

smaller job losses in Primary and Fabricated Metals, Transportation Equipment, and Instruments and Related products. Only two industries, Miscellaneous Manufacturing and Electrical Equipment and Supplies managed to survive the year with more employes than one year ago.

Unlike manufacturing job losses in nonmanufacturing were evenly scattered among the various industrial sectors. Only jobs in Health Services and Local Education appeared recession-proof, as both industries gained 1,400 and 2,300 jobs respectively over the year.

Among the industries hardest hit by the recession, Lumber and Wood Products and Construction remain the major stories.

Normal December seasonal layoffs in both industries were almost nonexistent due to their depressed conditions. More closures in the timber industry forced another 1,300 workers from their jobs over the month. Now employment in this sector consists of only 55,200 jobs. The accompanying table tells the story.

	Over the Month		Over the Year		Two-Year Change	
	Number	Percent	Number	Percent	Number	Percent
Lumber & Wood Products	-1,300	- 2.3%	-11,800	-17.6%	-22,700	-29.1%
Logging/Sawmills	-1,400	- 4.9	- 5,800	-17.5	-13,000	-32.2
Plywood/Veneer	0	0.0	- 3,900	-18.8	- 6,800	-28.8
Millwork	+ 200	+ 3.2	- 1,300	-16.7	- 700	- 9.7
Mobile Homes	0	0.0	- 400	-22.2	- 1,100	-44.0
Other Wood Products	- 100	- 3.1	- 400	-11.4	- 1,100	-26.2

Retrenching among the Finance and Real Estate firms were obvious in December. Continued high interest rates seriously hamper any move to stimulate consumer demand. Added to this, money flow appears to be heading for markets other than those used to finance housing.

Government also experienced a rough December. All sectors reported job declines over the month as budget cuts and seasonal declines necessitated layoffs. Over the year only Local Education registered job growth. The education sector is expected to see job declines, though, as limited federal and state funds filter down to the local levels.

With 1981 now completed, Oregon's hopes lie with the new year. Early signs indicate a better economy to come than was experienced in 1981. However, the question remains as to how much better Oregon's economy will fare in the coming months. Two things appear certain, unemployment and interest rates will remain high by historical standards through much of 1982. That is, of course, unless major policy shifts occur at the federal level. If nothing else, 1982 will be an interesting election year.

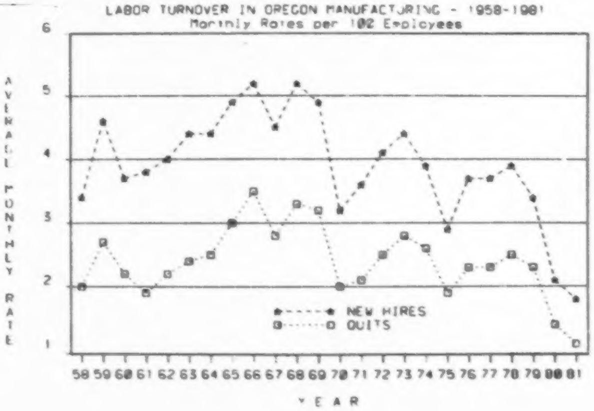
HIRING RATE IN MANUFACTURING LOWEST ON RECORD

The rate of new hires in Oregon manufacturing during 1981 has been the lowest on record. The news comes as no surprise to the thousands of Oregonians out of work and looking for jobs, but it is yet another indication of the depth and duration of the current recession.

Manufacturing firms hired new employes during 1981 at a monthly rate of only 1.8 per 100 total employment, just over half the normal rate of 3.6 per 100. The rate of new hires has been unusually low in Oregon since November 1979.

The new hire rate and other measures of labor turnover have been monitored by the Employment Division through a monthly survey of representative Oregon manufacturing firms. The data are closely watched by economists and business forecasters who view new hires and other worker turnover measures as important indicators of the health of the State and national economies. A significant increase in the new hire rate would be an indication of economic recovery. Continued low rates are cause for pessimism.

Due to Federal budget cutbacks, the Labor Turnover Statistics program, in existence since 1958, will terminate following the collection of 1981 figures.



DECEMBER LABOR TURNOVER REPORT

Labor turnover rates in Oregon manufacturing industries continue to reflect the depths of economic recession.

Quits, at 0.7 per 100 employees, remain at an all-time low, less than half the usual rate. The extremely low rate, which began in March 1980, shows continued low confidence in the economy among Oregon's manufacturing production workers.

The rate of new hires, at 0.8 per 100 employes, also reached an all-time low in December. Hiring was slower than in December 1960, December 1970, and November 1981, the previous record-low months. Significant new hiring took place only in Machinery, Electrical Equipment, Printing and Publishing, and Miscellaneous Durable Goods.

The only positive note was the unexpectedly low rate of layoffs in December, 3.1 per 100 employes (2.3 seasonally adjusted), equaling the lowest rate of layoffs since last February.

A CLEAR PICTURE

Oregon's reliance on its natural resources is well known. Those workers dependent on natural resources for their livelihood have generally received higher average hourly earnings (AHE) than those in other manufacturing activities. During November the AHE for all Manufacturing was $9.70, Durable Goods was $9.98, while Lumber and Wood Products reported in at $10.31. However, judging the relative health of an economy requires a more detailed inspection than looking just at hourly earnings.

It is also important to examine the average number of hours being worked. A simple look at Oregon's place in relation to other states highlights the magnitude of our state's current dilemma. When comparing AHE, Oregon ranks in the top five, but a similar comparison of average weekly hours (AWH) places Oregon in the bottom five nationally. Add to this Oregon's 5th place ranking in the rate of unemployment. The lack of manufacturing activity, which is indicated by the depressed AWH, has led to large-scale layoffs. These layoffs traditionally affect lower-paid, newly employed personnel first, which also accounts for the ever-rising AHE. Because of these factors it is better to monitor an economy's health by the level of activity than by what is paid to those lucky enough to still be employed. With this in mind, November increases in earnings do not look nearly so positive.

Several key industries experienced modest increases in average hourly earnings. Much of the upward movement is due to reductions in the number of production workers employed, which has increased the proportion of higher-paid workers. Nationally, the continuing economic slump has reduced the demand for money and thus contributed to a drop in interest rates. Unfortunately, the cost of money remains above the level believed necessary to stimulate consumer demand for housing and other wood products-related items.

As family incomes continue to fall, the effects are also becoming more apparent in other

LABOR TURNOVER RATES IN SELECTED OREGON MANUFACTURING INDUSTRIES
(per 100 employees)

	ACCESSION RATES									SEPARATION RATES								
	Total			New Hires			Recalls			Total			Quits			Layoffs		
	1/ Nov. 81	2/ Oct. 81	Nov. 80	1/ Nov. 81	2/ Oct. 81	Nov. 80	1/ Nov. 81	2/ Oct. 81	Nov. 80	1/ Nov. 81	2/ Oct. 81	Nov. 80	1/ Nov. 81	2/ Oct. 81	Nov. 80	1/ Nov. 81	2/ Oct. 81	Nov. 80
MANUFACTURING	2.8	3.3	3.0	1.1	1.9	1.8	1.7	1.3	1.1	6.6	6.5	3.5	0.7	1.1	1.0	5.3	4.7	1.9
Seasonally Adjusted	3.7	3.2	3.9	1.4	1.7	2.3	2.4	1.4	1.6	7.5	6.1	4.0	0.9	1.0	1.3	3.6	4.4	1.3
Durable Goods	2.8	3.2	3.2	1.0	1.8	1.8	1.8	1.3	1.2	7.5	7.3	3.6	0.7	1.1	0.9	6.2	5.5	2.1
Lumber & Wood Prod	3.4	2.4	2.2	0.5	0.6	1.4	2.8	1.6	0.7	10.7	10.9	2.8	0.5	0.8	0.8	9.7	9.3	1.5
Logging & Sawmills	3.4	2.7	1.8	0.5	0.5	0.8	2.8	1.9	0.8	11.2	12.4	3.5	0.6	0.9	0.7	10.0	10.5	2.3
Plywood & Veneer	3.9	1.9	1.5	0.7	0.5	0.8	3.0	1.3	0.6	5.8	9.3	1.1	0.3	0.7	0.5	5.0	8.2	0.2
Millwk & Struc Wood	4.1	1.9	6.6	0.3	0.6	5.5	3.7	1.3	0.6	24.1	9.6	2.3	0.4	0.6	1.1	23.3	8.4	0.4
Furniture & Fixtures	0.9	4.8	5.5	0.7	4.1	4.7	*	0.6	0.8	5.6	3.4	5.1	0.5	1.5	2.2	4.3	1.5	1.9
Primary Metals	0.6	0.6	2.3	0.3	0.4	0.9	0.3	0.2	0.9	1.6	4.4	1.3	0.2	0.4	0.6	1.0	3.7	0.4
Fabricated Metals	4.1	5.5	8.4	1.4	3.5	4.0	2.4	1.9	4.4	7.2	10.0	7.1	0.9	1.6	1.4	4.4	7.7	5.2
Machinery	1.5	2.3	2.5	1.0	1.7	1.7	0.4	0.4	0.7	3.7	3.7	2.4	0.6	1.0	0.6	2.5	2.4	1.6
Elec Equip & Sup	2.8	5.5	3.2	2.6	5.4	2.9	0.1	*	0.3	3.0	4.4	3.4	1.4	2.3	1.4	0.3	0.6	0.9
Instrumts & Rel Prod	0.5	0.6	1.1	0.4	0.5	0.9	*	*	*	1.2	2.2	2.0	0.7	1.4	0.9	0.2	0.4	0.8
Nondurable Goods	2.9	3.7	2.5	1.4	2.3	1.8	1.3	1.3	0.6	3.5	3.8	2.9	0.8	1.2	1.2	2.0	1.9	1.2
Food & Kind Prod 3/	2.3	7.3	2.6	1.2	3.5	1.6	0.9	3.7	1.0	3.5	4.3	3.1	0.5	1.3	1.2	2.3	2.1	1.5
Textile Mill Prod	4.4	3.1	3.3	3.8	2.8	2.9	0.4	0.2	0.3	4.5	3.5	4.0	2.4	2.4	2.6	1.6	0.6	0.3
Apparel	8.7	5.3	4.9	3.9	3.6	4.2	4.8	1.4	0.3	8.9	5.0	5.9	1.4	2.1	3.3	6.7	1.4	0.9
Paper & Allied Prod	2.2	0.9	1.3	0.6	0.6	0.9	1.5	0.2	0.3	1.7	2.1	2.1	0.2	0.6	0.4	1.1	1.1	1.4
Printing & Publish	2.0	2.9	2.7	1.7	2.6	2.3	0.3	0.2	0.3	3.0	2.4	2.4	1.1	1.4	1.4	0.9	0.5	0.8

NOTE: Labor Turnover rates are based on data for the calendar month whereas estimates of the labor force and employment are based on data for the midmonth pay period. Month-to-month employment changes indicated in the two sets of data are therefore not strictly comparable. (1972 SIC)

1/ Preliminary 2/ Revised 3/ Excludes canning and preserving * Less than 0.05

areas of the state's economy. Employment as well as hours and earnings fell in November for Retail Trade workers. Retail Merchants are hiring fewer workers in spite of this being one of their busiest times of the year. Declines in business activity are also having an impact on the demand for paper products, where AWH fell by 1.1.

In Lumber and Wood Products, average weekly earnings and hours continue to remain far below year-ago levels. A dramatic decline in hours and earnings was recorded in Mobile Home Manufacturing, where hourly earnings fell by $.20 and hours dipped 4.3. The lagging demand for this product stems again from high interest rates and the economic well-being of those consumers for which this product is targeted.

Fabricated Metals showed some signs of improvement in average hours and earnings. This improvement is largely the result of a resumption of production activities by one firm and a cost of living increase for sheetmetal workers.

The effects of high interest rates and a slumping wood products industry are impacting more and more on commercial and consumer spending. So long as the cost of borrowing keeps the affordability of money beyond the reach of businesses and consumers alike, the demand for goods and services can be expected to limp along into the new year.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Nov. 1981	3/ Oct. 1981	Nov. 1980	2/ Nov. 1981	3/ Oct. 1981	Nov. 1980	2/ Nov. 1981	3/ Oct. 1981	Nov. 1980
TOTAL MANUFACTURING 4/	$357.93	$360.47	$344.70	36.9	37.2	38.3	$9.70	$9.69	$9.00
SPENDABLE EARNINGS (T967 Dol.) 6/	105.51	106.47	112.78	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	369.26	374.00	355.89	37.0	37.4	38.6	9.98	10.00	9.22
Lumber & Wood Products	358.79	363.94	371.91	34.8	35.3	38.5	10.31	10.31	9.66
Logging & Sawmills	381.54	396.03	386.15	35.1	36.3	37.6	10.87	10.91	10.27
Veneer & Plywood	355.00	349.86	396.42	34.6	34.0	40.7	10.26	10.29	9.74
Millwork & Struct Wood	289.60	280.10	287.28	34.6	34.2	38.0	8.37	8.19	7.56
Mobile Homes	212.18	251.52	250.66	27.7	32.0	33.6	7.66	7.86	7.46
Other Wood Products	337.40	349.09	355.50	35.0	36.1	39.5	9.64	9.67	9.00
Furniture & Fixtures	242.22	237.80	220.74	32.6	32.8	33.7	7.43	7.25	6.55
Primary Metals	483.85	477.20	440.34	40.9	40.0	41.0	11.83	11.93	10.74
Fabricated Metals	354.18	338.76	325.17	37.4	36.0	38.3	9.47	9.41	8.49
Machinery	388.70	380.24	357.02	38.6	38.1	37.7	10.07	9.98	9.47
Nondurable Goods	326.68	324.06	309.88	36.5	36.7	37.2	8.95	8.83	8.33
Food & Kindred Prod	284.80	284.69	268.14	35.6	35.9	35.8	8.00	7.93	7.49
Canning & Preserving	238.72	240.47	214.09	34.2	34.7	33.4	6.98	6.93	6.41
Other Food Products	364.42	373.81	358.60	38.0	38.3	39.8	9.59	9.76	9.01
Textile Mill Products	196.65	195.33	175.69	37.6	38.3	36.3	5.23	5.10	4.84
Apparel	180.64	179.05	169.05	35.7	34.7	34.5	5.06	5.16	4.90
Paper & Allied Products	477.53	483.48	446.71	40.4	41.5	41.4	11.82	11.65	10.79
Printing & Publishing	332.31	324.90	335.16	33.0	32.2	36.0	10.07	10.09	9.31
Construction 4/	506.83	546.00	461.59	32.2	35.0	33.4	15.74	15.60	13.82
Communications & Utilities 5/	427.50	407.15	386.72	40.8	39.3	40.2	10.48	10.36	9.62
Trade 5/	268.49	272.21	254.12	33.9	34.5	35.1	7.92	7.89	7.24
Wholesale Trade	360.79	355.50	338.91	37.7	37.5	39.0	9.57	9.48	8.69
Retail Trade	217.51	226.02	209.52	31.8	32.9	33.1	6.84	6.87	6.33
Banking & Insurance	230.87	228.55	209.78	NA	NA	NA	NA	NA	NA
State & Local Government	288.79	290.11	262.46	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

February 1982 SALEM, OREGON

JANUARY TRENDS
Wage & Salary Index..127.6 up from 127.5 in Dec.
Unemployment Rate.....12.7% up from 11.8% in Dec.
Seasonally Adjusted Rate....................11.0%
U.S. Seasonally Adjusted Rate................8.5%

BUMPING ALONG THE BOTTOM

At first glance, it might appear that Oregon's economy improved significantly in January as the six month rise in the seasonally adjusted unemployment rate finally came to a halt! The state's unemployment rate, after seasonal adjustment, dropped last month to 11.0%, from 11.5% in December. It had been rising continuously since last July, as high interest rates and a lack of confidence in the nation's economic recovery program precipitated another full-blown recession, not only in Oregon, but nationwide.

A more accurate interpretation of January's drop in seasonally adjusted unemployment however, is not that recovery has begun, but rather that Oregon's economy has now sunk so low that "normal" seasonal patterns have become virtually irrelevant. When unemployment rises less than seasonally expected, for whatever reasons, it shows up as a decline in the seasonally adjusted figures.

In January, for example, the number of unemployed Oregonian's did increase by 9,600 pushing total unemployment to a record level of 165,700 persons! If "normal" seasonal patterns had prevailed, January's rise in unemployment would have been closer to 17,000. In spite of this, Oregon's raw unemployment rate, which is not adjusted for seasonal patterns, climbed to 12.7% in January from 11.8% in December. It was the highest January rate in over 30 years!

Although the more diversified national economy has not been as adversely affected as Oregon in the current recession, a similar situation occurred nationwide. The Bureau of Labor Statistics cited a less than usual increase in the number of unemployed workers as part of the reason for the drop in the nation's jobless rate from 8.8% in December to 8.5% in January. The Bureau also reported widespread nonfarm employment declines and a drop in the total labor force in January suggesting that no real improvement occurred in the labor market last month.

The drop in the labor force could even be an indication that the number of "discouraged workers" - those who have given up looking for work because they believe none is available - may have risen above last quarter's record level of 1.2 million. Since "discouraged workers" are not actively seeking work they are not counted among the unemployed.

LABOR TURNOVER PROGRAM DISCONTINUED

Economic conditions play a major role in influencing workers to move from one occupation, employer, or industry to another. Therefore, one useful measure of the economic health of a region is labor turnover statistics. Clearly, the impact of the present economic dilemma is evident in the turnover data. For example, the rate of accessions (largely a measure of new hiring activity) dwindled from nearly 5.0 per 100 employes per month in the mid-seventies to 3.4 in 1981. This kind of indication of change in the economy, analyzed on a monthly basis, provides important information about the current economic climate.

But no more. The labor turnover program was discontinued following the publication of data for 1981. Cutbacks in the Federal budget caused the termination.

SPENDABLE EARNINGS SERIES DROPPED

Back in 1975, about the time when acceleration in the rate of inflation really began to take its toll, we began publishing a spendable earnings series for production workers in Oregon. The intent was to take out that inflationary impact and to remove the bite of federal and social security taxes. The remainder, largely a "take home" pay figure, could then be compared over time to measure the growth or decline in purchasing power available to the blue collar worker.

Spendable earnings, like labor turnover, is a victim of the budget cut. The series is being terminated following the publication of December 1981 data.

In Oregon, reliable estimates of "discouraged workers" do not exist, but it is virtually certain that their ranks have also probably soared to record or near-record proportions. One option that these workers have is to leave the state in search of better employment opportunities elsewhere. Recent population studies indicate that out-migration has in fact picked up considerably in 1980-81. If Oregon's economy does not show strong signs of recovery by this summer, the tendency for unemployed and "discouraged" workers to leave the state will undoubtedly accelerate.

Oregon's employment trends in January gave little indication that a strong rebound was just around the corner. Both total resident employment and nonfarm payroll employment declined last month. On the positive side, the seasonally adjusted nonfarm employment index stopped sliding, and even managed to eke out a one-tenth point increase to 127.6 in January. But considering the already depressed December employment levels in many of Oregon's industrial sectors, January's job declines could have been expected to be much less than they actually were.

In several industries, notably lumber and wood products, trade, and construction, employment losses were muted by the already low levels of activity prevailing in December. However in others, like government, work force declines were accentuated by growing budget problems. One indication of these many problems was the convening of the state legislature in special session during January to deal with a projected $240 million dollar deficit in the current biennium. As of late February the legislature was still grappling with the deficit problem, but a new revenue projection had since increased the potential deficit to $340 million. While the final solution may include some degree of tax increases, it is also certain to include further cutbacks in state programs and employment.

Employment declines in January were widespread. The largest of these occurred in nonmanufacturing industries, led by wholesale/retail trade and construction. Employment losses were less than usual however in both sectors due to the already disappointing level of activity in December. Retail trade hiring for the Christmas holiday season for example was not up to par due to concern over weak sales prospects and rising unemployment.

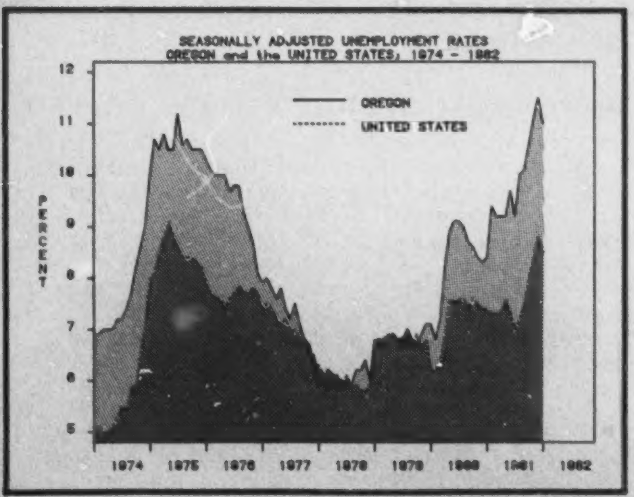
In manufacturing, job declines were also prevalent but generally much smaller. Food products led the way falling by 1,300, mostly in the highly seasonal canning and preserving sector but also in poultry processing where weak markets have caused some production cutbacks.

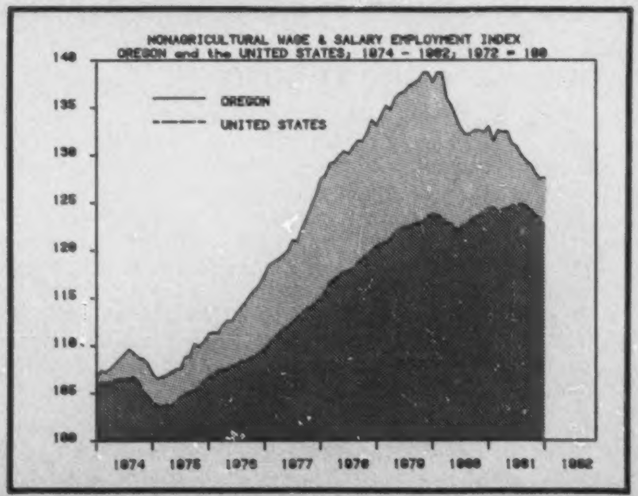
Some slippage in job levels also occurred in several other manufacturing industries in January. These included paper products, ship building and repair, primary metals, and mobile home manufacturing.

In lumber and wood products, market conditions remained severely depressed as interest rates moved slightly higher. Job levels in this industry were so low already, January's 200 drop to 54,500 was unusually small. The work force in this important industry is now the lowest it has been since 1950!

Recent figures from the Western Wood Products and American Plywood Associations also underscore the severity of the industry's current problems. For the week ending February 6, for example, 50 of Oregon's 210 sawmills were closed and another 82 were working curtailed shifts. Of approximately 31,000 sawmill workers, some 21% (6,588) were out of work and nearly 44% (13,580) were working short hours.

Conditions in the plywood sector were similar. For the week ending February 13, 30 of Oregon's 73 plywood mills were closed and 21 others were working curtailed workweeks. The APA estimates that about 4,900 or 35%, of the 14,000 plywood work force were off work during this recent week. No estimate is made for the number of workers on curtailed schedules, but the APA pegged the industry's operating level at only 58% of its capacity.





With Oregon's number one basic industry in such a beleaguered state, with interest rates still hovering in the 16-17% range, with U.S. housing starts down again in January to the lowly annual rate of 894,000, and with the liklihood of massive federal budget deficits over the next year or two, there is not much optimism in the near future for Oregon's economy.

FARM EMPLOYMENT REMAINS LEVEL

Oregon farms provide jobs to 40-50,000 workers during the peak harvest months of June through September, and to 25-30,000 during the "off season" months of December through February. On an annual basis, the Willamette Valley, from Portland through Eugene, has about half of the state's farm employment.

During 1981, the number of farm workers remained at about the same level as the previous year. In contrast, employment in the nonfarm industry sectors averaged about 30,000 fewer workers. Although farm employment has remained relatively constant since 1977, large declines were recorded in the six years previous. These declines were largely due to rising labor costs, which in turn caused a switch to less labor intensive crops, increased mechanization, and shortages of short-term farm labor.

Oregon Farm Employment
1970-1981 Annual Averages

Year	Total	Year	Total
1970	42,500	1976	35,600
1971	41,100	1977	35,200
1972	40,400	1978	34,900
1973	39,600	1979	35,000
1974	38,600	1980	34,900
1975	37,300	1981	34,900

The drop has abated since 1976 largely due to the nearly completed demise of the pole bean and to acreage stability in strawberries and other small fruits. Whereas the harvest of pole beans required 42,200 workers in August 1970, only 2,300 were needed by 1977 and 200 by 1981.

Since 1970, several factors have combined to determine the supply and demand of farm labor. Some of these will continue their influence, while others may abate.

Market demand. There will be moderate long-term growth in the demand for major Oregon crops. Oregon has a good reputation for high quality production of many crops, many of which are labor intensive. Farm exports to the Orient have grown markedly in the last few years.

Technology. One of the most dominant characteristics of the agricultural sector has been rising productivity. This is largely the result of new knowledge, methods, and the development of machines to accomplish the work once done by hand. While no one can predict with certainty what technical marvels lie ahead, many promising paths are being explored. Those especially important to Oregon include twinning (producing two offspring) in beef cattle, and machine harvesting of tree fruits, nuts, small fruits, and berries.

Labor Costs. Hourly farm rates in the Pacific Northwest exceed average rates paid in most other regions of the U.S. Higher wages are necessary to attract interstate seasonal workers to the region. A long-term impact of higher wages is to reduce the demand for labor as growers shift to labor-saving alternatives.

Migration Costs. Both social and economic forces dictate the willingness of migrants to continue to "follow the work." Housing, travel costs, length of employment, and competitive wages are some of the economic considerations. Oregon is at some disadvantage in attracting migrants from Texas and Mexico because of its distance from their home.

It is difficult to say whether the 1980's will bring another round of technical advances and whether international demand for agricultural products will continue to rise. In large part, the effect of these two forces will determine the future of Oregon's agricultural labor picture.

Following is 1981 annual average farm employment for Oregon local areas. Included is the percent that the 1981 employment is of 1970.

1981 Annual Average Farm Employment by County
and percent of change from 1970

Area	1981	1970	Area	1981	1970
Oregon	34,900	82%	Harney	430	75%
Portland SMSA (Oregon Portion)	7,820	87	Hood River	770	95
Eugene SMSA	1,850	69	Jefferson	430	67
Salem SMSA	3,710	61	Josephine	380	78
Medford SMSA	1,980	92	Klamath	1,310	88
Baker	790	83	Lake	420	95
Benton	880	83	Lincoln	170	77
Clatsop	230	82	Linn	1,680	74
Columbia	250	71	Malheur	2,180	90
Coos	610	84	Morrow	1,090	222
Crook	310	76	Tillamook	550	82
Curry	220	88	Umatilla	1,840	104
Deschutes	440	86	Union	540	89
Douglas	990	83	Wallowa	510	94
Gilliam	130	59	Wasco/ Sherman	600	64
Grant	340	81	Wheeler	140	74
			Yamhill	1,300	76

RESIDENT OREGON LABOR FORCE

	1/ Jan. 1982	2/ Dec. 1981	Change	% Change	5/ Jan. 1981
Civilian Labor Force 3/	1,309,100	1,324,200	-15,100	-1.1%	1,264,000
Unemployment	165,700	156,100	+ 9,600	+6.1%	126,200
Percent of Labor Force	12.7	11.8	xxx	xxx	10.0
Seasonally Adjusted Percent	11.0	11.5	xxx	xxx	8.4
Total Employment 4/	1,143,400	1,168,100	-24,700	-2.1%	1,137,800

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Jan. 1982	Dec. 1981	Jan. 1981	Dec. 1981	Jan. 1981
TOTAL 1/	965,900	989,100	1,006,100	-23,200	-40,200
Wage & Salary Employment Index (Seasonally Adjusted)	127.6	127.5	133.0	xxx	xxx
Total Manufacturing	186,300	189,300	204,100	- 3,000	-17,800
Durable Goods	136,500	137,800	152,900	- 1,300	-16,400
Lumber & Wood Products	54,500	54,700	65,000	- 200	-10,500
Logging & Sawmills	27,000	27,300	32,600	- 300	- 5,600
Veneer & Plywood	17,200	16,800	19,800	400	- 2,600
Millwork & Structural Wood	6,100	6,100	7,800	0	- 1,700
Mobile Homes	1,100	1,400	1,500	- 300	- 400
Other Wood Products	3,100	3,100	3,300	0	- 200
Furniture & Fixtures	2,400	2,400	2,500	0	- 100
Stone, Clay, Glass, & Concrete	3,900	4,000	4,300	- 100	- 400
Primary Metals	9,400	9,800	11,000	- 400	- 1,600
Blast Furnaces, Iron & Steel	5,400	5,600	6,400	- 200	- 1,000
Nonferrous Metals	4,000	4,200	4,600	- 200	- 600
Fabricated Metals	11,000	11,100	12,100	- 100	- 1,100
Fabricated Structural Metals	4,400	4,400	4,800	0	- 400
Other Fabricated Metals	6,600	6,700	7,300	- 100	- 700
Machinery	17,800	17,900	17,700	- 100	100
Electrical Equipment & Supplies	9,800	9,700	9,600	100	200
Transportation Equipment	7,800	8,200	9,500	- 400	- 1,700
Instruments & Related Products	17,300	17,400	19,000	- 100	- 1,700
Miscellaneous Manufacturing	2,600	2,600	2,200	0	400
Nondurable Goods	49,800	51,500	51,200	- 1,700	- 1,400
Food & Kindred Products	20,100	21,400	20,700	- 1,300	- 600
Canning & Preserving	10,300	11,000	10,600	- 700	- 300
Other Food Products	9,800	10,400	10,100	- 600	- 300
Textile Mill Products	1,800	1,800	1,900	0	- 100
Apparel	3,000	3,000	3,000	0	0
Paper & Allied Products	10,000	10,300	10,200	- 300	- 200
Printing & Publishing	9,700	9,700	9,800	0	- 100
Chemicals & Allied Products	2,100	2,100	2,200	0	- 100
Petroleum Refining	600	600	700	0	- 100
Rubber & Plastic Products	2,200	2,300	2,400	- 100	- 200
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Jan. 1982	Dec. 1981	Jan. 1981	Dec. 1981	Jan. 1981
(cont.)					
Total Nonmanufacturing	779,600	799,800	802,000	-20,200	-22,400
Mining & Quarrying	1,500	1,800	2,000	- 300	- 500
Construction	31,600	34,500	36,900	- 2,900	- 5,300
Transportation, Communications, & Utilities	56,900	58,500	59,300	- 1,600	- 2,400
Transportation	32,100	33,600	34,400	- 1,500	- 2,300
Railroad	6,700	6,800	7,300	- 100	- 600
Trucking & Warehousing	15,700	16,700	16,700	- 1,000	- 1,000
Other Transportation	9,700	10,100	10,400	- 400	- 700
Communications	15,500	15,600	15,800	- 100	- 300
Utilities	9,300	9,300	9,100	0	200
Trade	241,900	251,700	249,100	- 9,800	- 7,200
Wholesale Trade	63,400	64,600	66,800	- 1,200	- 3,400
Durable Goods	37,400	37,700	41,100	- 300	- 3,700
Nondurable Goods	26,000	26,900	25,700	- 900	300
Retail Trade	178,500	187,100	182,300	- 8,600	- 3,800
General Merchandise	26,900	29,000	27,400	- 2,100	- 500
Food Stores	24,400	24,500	24,600	- 100	- 200
Auto Dealers & Service Stations	21,700	22,000	23,100	- 300	- 1,400
Other Retail Trade	105,500	111,600	107,200	- 6,100	- 1,700
Finance, Insurance, & Real Estate	63,000	63,400	67,100	- 400	- 4,100
Banking & Credit Agencies	24,100	24,500	25,000	- 400	- 900
Other Finance, Insurance, & Real Estate	38,900	38,900	42,100	0	- 3,200
Services	186,900	189,700	187,600	- 2,800	- 700
Hotels & Personal Services	22,600	23,200	23,300	- 600	- 700
Health Services	64,600	64,200	63,000	400	1,600
Other Services	99,700	102,300	101,300	- 2,600	- 1,600
Government	197,800	200,200	200,000	- 2,400	- 2,200
Federal Government	28,600	29,300	27,700	- 700	900
State Government	51,700	51,600	54,800	100	- 3,100
Education	22,500	22,700	23,700	- 200	- 1,200
Other State	29,200	28,900	31,100	300	- 1,900
Local Government	117,500	119,300	117,500	- 1,800	0
Education	74,700	76,100	73,200	- 1,400	1,500
Other Local	42,800	43,200	44,300	- 400	- 1,500
Labor-Management Disputes	100	100	100	0	0

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

WITHERING WORK WEEK

Further evidence of the declining fortunes of Oregon's economy is found in the December hours and earnings report. Continuing a downward trend that began in the spring of 1981, total manufacturing average weekly hours dropped to 36.7 in December. The December average workweek for manufacturing production workers is the lowest since January 1980.

Since the average workweek reflects productivity and economic activity, a continuous downward trend implies falling production resulting from factors such as lay-offs and part-time work. Average weekly hours is also considered to be a lead indicator of business cycle swings, and consistent declines such as those in manufacturing can only be viewed as bad news for the near future.

The manufacturing hours situation would be even worse if it was not for primary and fabricated metals, two of the stronger manufacturing sectors. Primary metals is the only durable goods sector to have a 40+ average workweek. Fabricated metals gained nearly an hour in average weekly hours due primarily to overtime hours worked in a couple of firms to meet production needs resulting from an earlier one-week shutdown.

Lumber and wood products remains in the most serious condition. The average weekly hours total of 33.6 is the lowest for any month since records began being kept in 1949. Hours are 12% lower than last December, reflecting the continuation of sluggish nationwide demand for wood products. Logging and sawmills and veneer and plywood, the two largest wood products sectors in terms of employment, both registered declines of more than an hour in average weekly hours over the month.

During prolonged periods of declining production, it is common for those workers with less seniority, which also happen to be those with lower earnings, to be the first scheduled for layoff. The frequent effect is to see a decline in employment, but a rise in average hourly and weekly

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Dec. 1981	3/ Nov. 1981	Dec. 1980	2/ Dec. 1981	3/ Nov. 1981	Dec. 1980	2/ Dec. 1981	3/ Nov. 1981	Dec. 1980
TOTAL MANUFACTURING 4/	$358.56	$358.30	$345.80	36.7	36.9	38.0	$9.77	$9.71	$9.10
SPENDABLE EARNINGS (1967 Dol.) 6/	105.37	105.61	112.60	N/A	N/A	N/A	N/A	N/A	N/A
Durable Goods	360.91	367.52	351.54	36.2	36.9	37.8	9.97	9.96	9.30
Lumber & Wood Products	347.42	357.76	368.43	33.6	34.7	38.1	10.34	10.31	9.67
Logging & Sawmills	375.70	383.29	397.32	34.0	35.1	38.5	11.05	10.92	10.32
Veneer & Plywood	333.78	347.81	369.39	32.5	33.9	38.2	10.27	10.26	9.67
Millwork & Struct Wood	287.45	295.24	298.70	35.4	35.4	39.2	8.12	8.34	7.62
Mobile Homes	231.42	212.52	242.90	28.5	28.0	32.3	8.12	7.59	7.52
Other Wood Products	331.20	340.03	320.21	34.5	35.2	32.5	9.60	9.66	9.02
Furniture & Fixtures	202.08	220.88	199.66	29.5	31.6	31.1	6.85	6.99	6.42
Primary Metals	479.23	477.82	442.54	41.1	40.7	40.6	11.66	11.74	10.90
Fabricated Metals	372.02	353.60	331.78	38.0	37.3	38.4	9.79	9.48	8.64
Machinery	378.49	384.38	352.08	37.4	38.4	37.1	10.12	10.01	9.49
Nondurable Goods	352.81	335.22	324.40	38.1	37.0	38.3	9.26	9.06	8.47
Food & Kindred Prod	309.96	288.81	284.56	37.3	35.7	37.1	8.31	8.09	7.67
Canning & Preserving	254.54	236.31	230.03	35.8	34.1	34.8	7.11	6.93	6.61
Other Food Products	384.35	374.57	361.09	39.3	38.3	40.3	9.78	9.78	8.96
Textile Mill Products	201.08	196.65	174.60	38.3	37.6	36.0	5.25	5.23	4.85
Apparel	206.00	180.64	170.43	40.0	35.7	34.5	5.15	5.06	4.94
Paper & Allied Products	501.03	477.93	461.16	40.9	40.4	42.7	12.25	11.83	10.80
Printing & Publishing	377.25	377.47	342.74	36.1	36.4	36.5	10.45	10.37	9.39
Construction 4/	512.85	511.27	485.38	32.5	32.4	34.4	15.78	15.78	14.11
Communications & Utilities 5/	412.11	430.44	384.40	38.3	40.8	40.0	10.76	10.55	9.61
Trade 5/	270.31	270.75	249.88	34.7	34.1	34.9	7.79	7.94	7.16
Wholesale Trade	356.45	364.42	328.32	37.8	38.0	38.0	9.43	9.59	8.64
Retail Trade	224.07	220.16	209.46	33.0	32.0	33.0	6.79	6.88	6.29
Banking & Insurance	233.24	229.55	213.17	NA	NA	NA	NA	NA	NA
State & Local Government	288.32	290.44	246.10	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

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3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

earnings. In December, this is precisely what occurred in the manufacturing sector as weekly hours declined while average hourly and weekly earnings rose slightly. Average hourly earnings in lumber and wood products are actually up over the month and year, but the effect of the severely reduced workweek has caused average weekly earnings to plummet nearly $10 since November and $21 from last December.

While some strong gains appeared in the average weekly hours and earnings in the nondurable goods sector, it was not because of solid economic growth. Gains in food and kindred products can be attributed to the completion of layoffs of lower paid seasonal and part-time workers, while increases in paper and allied products resulted from cost of living pay increases and receipt of holiday pay.

Nonmanufacturing sectors were spared any major declines in December hours and earnings. Construction, though still working at below average levels, remained virtually unchanged from November. The combination of a slight gain in average hours and declines in average hourly earnings in the trade sector is indicative of the hiring of lower paid seasonal help during the holiday shopping season. The drop in weekly earnings and hours in communications and utilities reflects a normalization following the November surge in work due to storm damage maintenance activity.

The most significant item in December's hours and earnings report still must be the continued withering of Oregon's average weekly hours in manufacturing. Declining hours over a nine month period can only bode ill for Oregon's economy. The situation is even more serious than the average weekly hours figures indicate since firms that shutdown completely or close their doors permanently are not included in the hours and earnings calculations. In recessionary periods like the one currently being experienced, average hours and earnings do not reflect the real extent of the downturn. It can only be hoped that inventories will be at a low enough level when the turnaround comes that Oregon's production workers can immediately spring back into action.

OREGON'S SENSITIVITY TO THE NATIONAL BUSINESS CYCLE

A recent study prepared by the U.S. Chamber of Commerce indicates that Oregon is extremely sensitive to the national business cycle. The state ranked 15th among all of the states during the period January 1980 through September 1981. This sensitivity is measured by the difference between the expansion and recession rates of changes in nonfarm payrolls -- called the "cyclical swing." For the nation, nonfarm payrolls increased 10.1 percent in the expansionary period (Second Quarter 1980-Third Quarter 1981) and 1.6 percent in the recessionary period (First Quarter 1980-Second Quarter 1980), and the cyclical swing was 8.5 percentage points over the entire period.

The following table indicates how the states in the Far West fared during this business cycle period. As pointed out in the table, two states were less than or near the national average, i.e., Washington and California. However, Oregon and Nevada were significantly higher than the national average. Oregon had an 11.5 percentage point swing while Nevada varied by 19.0 percentage points. The other section of the table reflects the cyclical swings of various regions of the United States to the national averages. In this case the Far West ranks third in the size of its cyclical swing with a variation of 7.9 percentage points from the national business cycle.

Cyclical Swing in

Total Nonfarm Payrolls

	Avg. Qtr. Pct. Changes Annual Rates		Cyclical Swing	Rank in U.S. by State or Region
	Expansion	Recession		
United States	10.1	1.6	8.5	-
Far West				
Nevada	13.0	- 6.0	19.0	4
Oregon	5.9	- 5.6	11.5	15
California	10.1	.8	9.3	22
Washington	7.8	13.6	- 5.8	47
Regions				
New England	9.0	2.4	6.6	5
Midwest	9.0	2.4	6.6	4
Great Lakes	10.2	- 5.2	15.4	1
Plains	8.4	- 2.4	10.8	2
Southeast	10.9	5.2	5.7	7
Southwest	13.8	7.6	6.2	6
Rocky Mountain	10.6	8.8	1.8	8
Far West	9.5	1.6	7.9	3

Source: U.S. Department of Commerce

Bureau of Economic Analysis

CONSUMER PRICE INDEX 1/

	Portland Area		United States	
	Index	Over the Year Percent Change	Index	Over the Year Percent Change
January 1981	266.4	8.9%	260.5	11.4%
November 1981	278.7	6.4	280.7	9.6
January 1982	288.4	8.3	282.5	8.4

1/ Data are for all urban consumers which covers about 80% of the noninstitutional civilian population. Portland area data is published bimonthly. Data for the U.S. is published monthly.

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		Agriculture posted another gain in gross sales in 1981, reaching $1.76 billion and exceeding 1980 by 5.8 percent. While this increase is less than the 17 percent gain of a year ago, it comes at a time when the poor economic climate in the state has suppressed growth in other sectors. The continued success of agricultural production in Oregon can be traced to the diversity of its farm commodities. Despite high interest rates and inflation, 85 different Oregon agricultural products grossed at least $1 million in sales and seven products grossed more than $100 million each. In order of sales, the seven top commodities were grain, cattle and calves, specialty crops primarily for landscaping, field crops, dairy products, vegetable crops, and grass and legume seeds. The single most important crop was wheat with gross sales of $293 million, nearly 17% of the total agricultural sales. Marion County registered the highest total of all counties with $189.5 million. Other counties with more than $100 million in sales were Umatilla, Malheur, Clackamas, and Morrow.
Eugene	Lane	Effective January 1, 1982, Eugene has been designated as a labor surplus area by the U.S. Department of Labor. Lane County less Eugene had previously been designated as a labor surplus area last June. Due to the rapid rise in unemployment in the City of Eugene since last summer, the Department of Labor has now included all of Lane County in its labor surplus list. Employers located in labor surplus areas receive preferential bidding rights on Federal procurement contracts.
Corvallis	Benton	The engineering consulting firm CH2M Hill has been granted approval of plans to build a new headquarters in northwest Corvallis. Construction of the $8.8 million, 90,000 square-foot building is expected to begin in May. The new headquarters will occupy six acres of a nine acre tract with completion scheduled for May 1983. Financing of the project will be through the sale of industrial revenue bonds approved by the State Economic Development Commission last April. Earlier plans for a 120,000 square-foot headquarters had to be scaled down as a result of high interest rates.
Statewide		A new Oregon Supplemental Unemployment (OSU) program was recently passed by the Legisature and signed into law by the Governor. The new OSU program is the second of the current economic downturn; the first program expired in September 1981. Under the provisions of the new program, an individual exhausting an extended benefit (EB) claim will be able to receive up to 13 additional weeks of OSU benefits. Individuals exhausting their EB claims after June 20, 1981 and before June 27, 1982 will be eligible for the program. Expectations are for nearly eleven million dollars in benefits to be paid out through October 2, 1982 when the program ends. In a related development, the Legislature also enacted a "Shared Work" unemployment compensation program that will take effect on July 4, 1982. Shared work is a voluntary program that employers can adopt in order to maintain a trained workforce. This permits employes to share the work remaining after their normal hours are reduced. For example, instead of a layoff an employer may opt to schedule a one day (20%) reduction. All affected employes would then be eligible to receive 20% of their weekly benefit amount to compensate for the reduced weekly earnings. The law requires that the work week reduction in a Shared Work plan be between 20% and 40% of the normal workweek. Employers wishing to participate in the program must submit a written plan for approval by the Employment Division. For more information contact Frank Richey at 378-3264.
Portland	Multnomah	Despite concerns over a potential future glut of office space in Portland, construction of an 11-story, $10 million office building at Southwest Fifth and Oak has been announced. The new structure, to be known as the Fifth & Oak Building, will have two underground levels of parking and more than 100,000 square feet of office space. The anchor tenant for the building is the Canadian Imperial Bank of Commerce which will occupy the first three floors. The project is a joint venture of Fort Street Investment Corp. of Hawaii and Summit Holdings Co., a Portland area investment group. Preliminary work has begun with completion scheduled for December.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

March 1982 SALEM, OREGON

FEBRUARY TRENDS

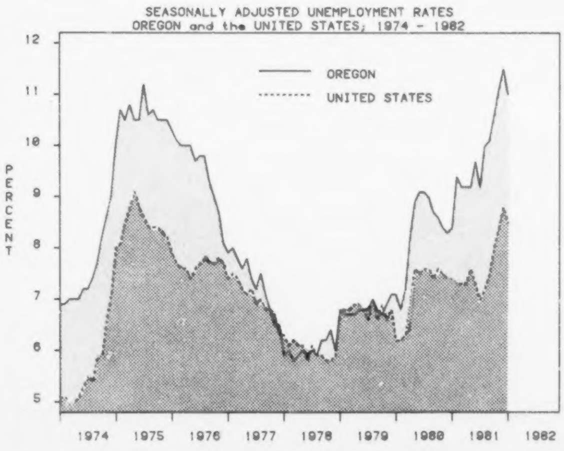
Wage & Salary Index..128.4 up from 128.3 in Jan.
Unemployment Rate..12.5% down from 12.7% in Jan.
Seasonally Adjusted Rate..................11.2%
U.S. Seasonally Adjusted Rate..............8.8%

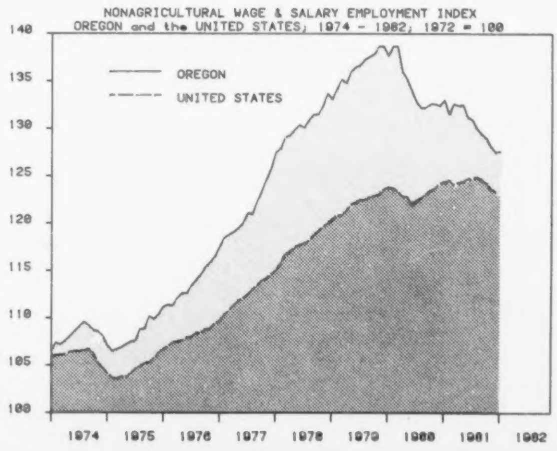
IN A WORD — SLUGGISH

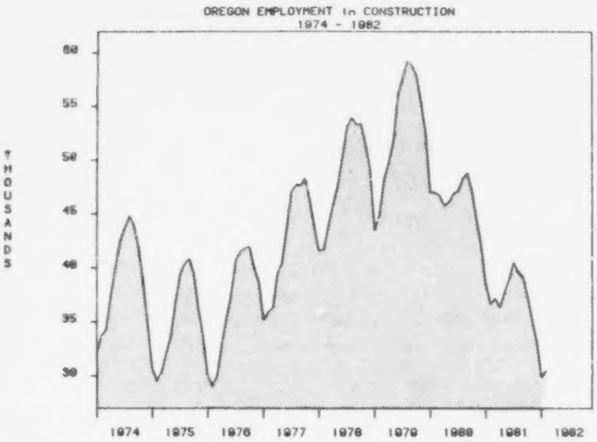
Oregon's sluggish economy, which is so closely tied to the national housing industry, doesn't appear to be out of the woods yet. Even though housing starts for the nation went from 895,000 in January to 953,000 in February it was the seventh month below the one million mark. Also the increase was in multi-family housing which requires less building materials to house the same number of people than single family dwellings. On an annualized basis multi-family housing starts went from 297,000 in January to 420,000 in February while single family starts fell from 598,000 to 533,000. These housing starts tended to be in parts of the country other than the West, which is where a goodly portion of Oregon's wood products market is located. One bright spot is that building permits for the nation continued to increase for the fourth month in a row. But these permits do not have to be used, and might not be if interest rates stay high.

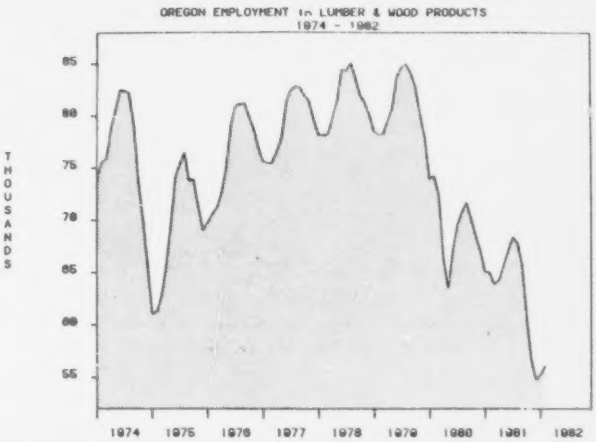
Four major banks raised their prime interest rates from 16% to 16½% to bring them into line with the rest of the banking community. The reason: loanable funds are too expensive to support a 16% prime and still maintain any semblance of a profit margin in the banking business. On the other hand Treasury Bill rates, which have been rising over the last several months showed a decline. However, this could only be a temporary respit warns Mr. Moore of the First National Bank of Chicago in a recent Wall Street Journal article. These rates could start rising again after mid-year when the Treasury begins borrowing, absorbing more of the funds available for loans and driving up the price of loans.

In summary, if interest rates do not come down people will not be able to buy housing, contractors will not build homes, Oregon's lumber and wood products will remain depressed, and Oregon's economy in general will stay in a slump.









UNEMPLOYMENT IN OREGON

Oregon's seasonally adjusted unemployment rate went up .2 of a percentage point to 11.2% in February while the national rate climbed by .3 to 8.8%. The unadjusted rate for Oregon declined from 12.7% to 12.5%, but this time of year normally shows a decline in unemployment. This decrease was not as much as is normal for this time of year, hence the increase in the seasonally adjusted rate. Even though the wage and salary employment increased by 1,500 between January and February, the economy is still very weak and wage and salary employment is 34,700 below where it was in February of 1981.

Several industries showed gains in employment between January and February. This was just the expected seasonal increase since the wage and salary index moved up by one tenth percentage point to 128.4. Logging and Sawmills showed an increase of 1,000. However, this is probably a temporary gain because most of it was due to short term timber sales which caused logging employment to increase. The rest of the lumber and wood products sector showed slight declines or held steady indicating that this is probably not the beginning of a recovery for this industry. Construction, other services and local education all showed some gains in employment over January. Most of the increase in construction employment was confined to the Portland area and was primarily in heavy construction. This is due to the increased activity in the I-205 project and various downtown office building projects.

Most of the increase in other services was in the business service portion; an industry that has grown rapidly in recent years, and appears to be holding its momentum. Also the first part of the year is a period of high activity in this industry. The increase in local education is usual for this time of year; a return from the holidays and the lag in gearing up for the new school term. The slight net gain in wage and salary employment between January and February was heartening, but the comparison with February of 1981 gives a more comprehensive picture of the health of Oregon's economy.

Wage and salary employment fell by 3.6% over the year. This decrease was heavy in lumber and wood products. Construction was hard hit by the slump in new residential construction. The decline in retail trade was concentrated in eating and drinking places; due to a decline in spendable income and repeated term possible solution to the market with restaurants and fast food establishments. The one really bright spot in the whole February '81 - February '82 comparison is in the manufacture of instruments and related products. Unfortunately this 5,900 increase is misleading, because in February 1981 one large electronics manufacturer had a temporary shut down. So the 1981 figure is much lower than it would normally be. Health services and the nondurable goods portion of the wholesale trade showed small gains. On the whole any increases in employment over February 1981 are small, scattered, and far outweighed by the decreases. This probably means a sluggish economy for some time to come.

ECONOMIC DIVERSIFICATION — FACT OR FANTASY

The title of this article raises critical questions that need answering in Oregon. How does the State decrease its economic dependence on the timber and construction industries which are so sensitive to the national business cycle? What kinds of strategies, data bases and analytical techniques must the State employ in this quest for a broader economic base? The purpose of this article is two-fold: (1) to look at the technique of looking below aggregate statistics such as total annual average manufacturing hourly earnings to see how individual industries, and/or firms differ in Oregon and (2) to begin to see how the use of these statistics have impacted on Oregon's current national business image. The current economic conditions in the State are mandating a complete review of Oregon's economic development policies.

Oregon's current national economic reputation with business has been tainted by the use of aggregate level statistics to describe our state. Contributing to this anti-business image are reports of high taxes, bottle bills, land use planning, high average hourly earnings, and other restrictions on business operations. How often has one heard on the national communications media the following points made about the state?

- "Oregon ranks in the top 10 nationally in the average hourly wage paid to manufacturing workers".
- "Oregon has one of the if not the highest personal income tax of any state".
- "Large firms generate most of the new jobs in the state."
- "Land use planning and bottle bills hamper business development efforts".

Each of these points are true when taken at face value. However, if one looks below the surface of some of these statements, Oregon's image changes significantly. A few examples will illustrate this point.

Generalized statements such as Oregon being among the top 10 states in average hourly earnings paid to manufacturing workers are seldom qualified by specifics; namely that this is only true when looking at the aggregate hourly average earnings for all manufacturing industries. If one removes the effects of the heavily capitalized (i.e., lumber, pulp, aluminum, food processing, and primary metals) industries from the average, Oregon drops to 19th among all of the states. It places the State down in the range with some of the southern states which are currently experiencing strong economic growth. The point of this illustration is that total manufacturing average hourly earnings can create unnecessary problems when trying to attract a new firm to Oregon. Firms wishing to locate in the State are usually much more interested in obtaining wage and benefit information about their own industry rather than an average for all industries.

Another important example of an image problem Oregon must confront nationally is the issue of a high tax state. This again is true if one considers just the income tax which provides the vast majority of state government revenues. The image changes if the total tax paid per person by state is evaluated. A recent publication issued by the Government Division of the U.S. Census Bureau on the finances of the states places Oregon 35th in total state per capita taxes paid as a percent of total personal income. Another point to be made on the issue of state income taxes in Oregon is that the current maximum rate is 10%. Even though personal taxes are important in management decisions of where to build new plants, Oregon's personal income tax rates are far below the federal income tax schedules. If the state emphasizes these tax differences then the image of high tax state might be softened at the national level.

A major focus of all economic development strategies is employment growth. The major problem confronted by economic development strategists in Oregon is how to identify those factors which create an environment of employment growth. One technique to assess these factors is to look at the births, deaths, expansions, contractions and the in or out-migration of firms from the state. Are these elements of employment change equally important? Or is one or two of these factors responsible for the majority of employment change that occurs in Oregon? A recent national study conducted by the Massachusetts Institute of Technology sheds some light on these issues. It shows that the majority of the net increase in new jobs either comes from births or expansion of existing firms within a state. The affects of the in-migration factor on a state adds very little to the total job base in that state even though much attention is paid to it.

Another critical question that is continually asked about the job creation process deals with the size of the firm. Are jobs being generated by large corporations engaged in massive branching operations or are they the consequence of small firms starting up? Again the MIT study and other studies identify that on the average approximately 60% of all new jobs are created by small firms. Large firms of over 500 employes generate approximately 15% of all net new jobs in the United States. This percentage also holds for the State of Oregon from 1975 through 1981. Small firms (less than 500 employes), despite their difficulties in obtaining capital and their inherently higher death rates, are still the major providers of new jobs in our economy. The implications of this analysis are very important because traditional economic development efforts are usually targeted at large firms.

The information in this article does not solve many of the major problems Oregon faces in its attempts to diversify its economic base. It is not intended to solve these problems. The illustrations of how Oregon's anti-business image can be modified with a little more data are examples of things that can be done by the State to improve on this problem. There are several ways to address these problems. Some of the most common ways are to conduct surveys of management decisions or to relate aggregate data by industry to other variables. A new approach would be to bring these two forms of investigation together on an individual firm basis. It would mean a significant expansion in the data base to support the State's economic development activities.

RESIDENT OREGON LABOR FORCE

	1/ Feb. 1982	2/ Jan. 1982	Change	% Change	5/ Feb. 1981
Civilian Labor Force 3/	1,299,800	1,297,700	+2,100	+0.2%	1,266,700
Unemployment	162,100	165,400	-3,300	-2.0%	134,400
Percent of Labor Force	12.5	12.7	xxx	xxx	10.6
Seasonally Adjusted Percent	11.2	11.0	xxx	xxx	9.4
Total Employment 4/	1,137,700	1,132,300	+5,400	+0.5%	1,132,300

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Feb. 1982	Jan. 1982	Feb. 1981	Jan. 1982	Feb. 1981
TOTAL 1/	972,300	970,800	1,007,000	1,500	-34,700
Wage & Salary Employment Index (Seasonally Adjusted)	128.4	128.3	133.0	xxx	xxx
Total Manufacturing	187,900	189,100	194,600	-1,200	-6,700
Durable Goods	136,700	136,800	143,600	-100	-6,900
Lumber & Wood Products	56,100	55,300	65,000	800	-8,900
Logging & Sawmills	28,600	27,600	33,000	1,000	-4,400
Veneer & Plywood	17,500	17,600	19,900	-100	-2,400
Millwork & Structural Wood	5,300	5,500	6,400	-200	-1,100
Mobile Homes	1,300	1,200	2,000	100	-700
Other Wood Products	3,400	3,400	3,700	0	-300
Furniture & Fixtures	2,200	2,200	2,500	0	-300
Stone, Clay, Glass, & Concrete	3,500	3,400	3,700	100	-200
Primary Metals	9,100	9,200	10,600	-100	-1,500
Blast Furnaces, Iron & Steel	5,100	5,200	6,200	-100	-1,100
Nonferrous Metals	4,000	4,000	4,400	0	-400
Fabricated Metals	10,500	10,900	10,900	-400	-400
Fabricated Structural Metals	4,000	4,300	4,400	-300	-400
Other Fabricated Metals	6,500	6,600	6,500	-100	0
Machinery	16,900	17,400	17,500	-500	-600
Electrical Equipment & Supplies	10,200	10,300	10,000	-100	200
Transportation Equipment	8,200	8,100	9,800	100	-1,600
Instruments & Related Products	17,300	17,200	11,400	100	5,900
Miscellaneous Manufacturing	2,700	2,800	2,200	-100	500
Nondurable Goods	51,200	52,300	51,000	-1,100	200
Food & Kindred Products	21,200	21,800	21,100	-600	100
Canning & Preserving	11,000	11,600	11,000	-600	0
Other Food Products	10,200	10,200	10,100	0	100
Textile Mill Products	1,900	1,900	1,800	0	100
Apparel	2,900	3,000	2,700	-100	200
Paper & Allied Products	9,900	10,000	10,100	-100	-200
Printing & Publishing	10,200	10,300	10,000	-100	200
Chemicals & Allied Products	2,100	2,200	2,200	-100	-100
Petroleum Refining	400	400	500	0	-100
Rubber & Plastic Products	2,300	2,400	2,300	-100	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Feb. 1982	Jan. 1982	Feb. 1981	Jan. 1982	Feb. 1981
(cont.)					
Total Nonmanufacturing	784,400	781,700	812,400	2,700	-28,000
Mining & Quarrying	1,800	1,700	1,800	100	0
Construction	30,500	29,900	36,700	600	-6,200
Transportation, Communications, & Utilities	56,900	57,400	59,000	-500	-2,100
Transportation	31,600	32,100	33,900	-500	-2,300
Railroad	6,300	6,300	7,000	0	-700
Trucking & Warehousing	15,800	15,700	16,500	100	-700
Other Transportation	9,500	10,100	10,400	-600	-900
Communications	16,200	16,200	16,100	0	100
Utilities	9,100	9,100	9,000	0	100
Trade	240,100	242,100	247,000	-2,000	-6,900
Wholesale Trade	64,100	64,500	66,200	-400	-2,100
Durable Goods	38,100	38,400	41,100	-300	-3,000
Nondurable Goods	26,000	26,100	25,100	-100	900
Retail Trade	176,000	177,600	180,800	-1,600	-4,800
General Merchandise	23,300	24,700	24,500	-1,400	-1,200
Food Stores	26,000	25,600	25,900	400	100
Auto Dealers & Service Stations	21,800	21,500	22,400	300	-600
Other Retail Trade	104,900	105,800	108,000	-900	-3,100
Finance, Insurance, & Real Estate	65,300	65,300	68,600	0	-3,300
Banking & Credit Agencies	24,800	24,900	25,200	-100	-400
Other Finance, Insurance, & Real Estate	40,500	40,400	43,400	100	-2,900
Services	186,100	184,700	191,700	1,400	-5,600
Hotels & Personal Services	22,900	22,700	24,000	200	-1,100
Health Services	65,000	64,500	63,400	500	1,600
Other Services	98,200	97,500	104,300	700	-6,100
Government	203,700	200,600	207,600	3,100	-3,900
Federal Government	29,300	29,400	28,100	-100	1,200
State Government	52,800	52,000	55,200	800	-2,400
Education	23,000	22,500	24,000	500	-1,000
Other State	29,800	29,500	31,200	300	-1,400
Local Government	121,600	119,200	124,300	2,400	-2,700
Education	77,300	75,500	78,200	1,800	-900
Other Local	44,300	43,700	46,100	600	-1,800
Labor-Management Disputes	0	100	600	-100	-600

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

WELDING PROCESSES USED AND TRAINING NEEDED BY WELDERS IN OREGON: A SURVEY

How widely and how much are different welding processes used in Oregon's economy? This question was recently asked by community college welding educators in an attempt to gear classroom training programs to meet the future welding demand in Oregon.

To accomplish this task the Oregon Employment Division conducted a survey of employers with occupations in the welding field.

The sample was chosen by taking all firms that reported having employed any welders or flamecutters during the 1978-1980 surveys of employment by occupation conducted by the Employment Division. The sample included 352 firms that employed a total of 39,159 persons. Of these, 290 firms that employed a total of 33,901 persons responded to the survey. The response rates are 82% of the sampled firms and 87% of the sampled employment.

Survey results indicate that roughly 48% of Oregon's welding activity is gas metal arc (MIG) welding while roughly 27% is stick welding. Flamecutting accounts for 11%. The remaining 19% is split between gas tungsten arc (TIG) welding, automatic welding, gas welding, and other welding processes.

Some processes are used more or less often depending on the size of firm. The figures indicate that in general TIG welding and flamecutting is done more often in firms of 1-9 employes. Gas welding is done more often in firms of 1-19 employes. MIG welding use does not seem to vary systematically by the size of firm. Stick welding tends to be used more often by small firms and large ones, less often by middle-size firms of 20-99 employes. Automatic welding and other welding processes are used more often in large firms of over 35 employes, especially in firms of over 100 employes.

Occasionally, though, these general trends are reversed for a particular industry. For example, figures indicate that although flamecutting tends in general to be used more often in small firms, flamecutting is used more often by large firms in the Special Industry Machinery Manufacturing Industry (SIC 355). But these reverse trends for particular industries are rare. Exceptions from the general trends by individual firms are more common.

Similarly, some welding processes are used in greater or lesser percentages depending upon the industry. Sawmills use larger percentages of stick welding and flamecutting than do most industries. Nonresidential building construction also uses more stick welding. Iron and steel foundries and manufacturers of electric distribution equipment use more TIG welding. Manufacturers of motor vehicles and agricultural machinery use more MIG welding. The cutlery, handtools, and general hardware industry uses more gas welding. The blast furnace and basic steel products industry uses more automatic welding. Manufacturers of general industrial machinery, wholesalers of miscellaneous durable goods, and builders and repairers of ships and boats use more flamecutting.

MIG welding, stick welding, flamecutting, and automatic welding each account for roughly 20% of the new welding equipment that firms plan to purchase in 1981 and roughly 18% each in 1982. In 1981 27% of the firms responded that they plan to purchase new equipment; 27% plan to in 1982 also. It is estimated that these firms represent 40% of Oregon's welding activity. The purchases will be primarily for the expansion of operations, but they also include some replacement of existing equipment.

Blueprint reading and layout skills are needed by welders in three-quarters of the responding firms, which represent approximately four-fifth's of Oregon's welding activity. Other technical skills needed by a substantial percentage of firms, include skills in basic heat treating, press work and metallurgy.

Under the basic skills of reading, writing, mathematics and human relations, welders in a great majority of firms need to read operating instructions and welding procedures, use arithmetic, and work cooperatively with fellow welders and with nonwelding workers.

Results of the survey would indicate a need to upgrade training in MIG welding, stick welding, flamecutting, and TIG welding, with complementary training in other technical skills such as blueprint reading and layout skills.

THE 1981 BENCHMARK

Once each year we benchmark the nonagricultural employment data. The data on pages 4 and 5 are adjusted to this new (1981) benchmark. Revised 1980 and 1981 data are available upon request.

The benchmarking process is a time consuming, involved effort to establish the most accurate count of wage and salary workers in each industry. Essentially the process involves replacing estimates of employment based on data supplied by a selected sample of employers with more complete counts obtained from employers covered by the unemployment insurance program. Employment counts for industrial segments not covered by UI are derived from special surveys. The noncovered survey data then is added to the covered (UI) data to provide an accurate count of total nonfarm employment.

Now that the revised numbers are in, it is interesting to compare the earlier estimates made on the 1980 benchmark with those new numbers resulting from the 1981 benchmark. As is often the case in the current employment statistics estimating process, the impact of the recessionary downturn was generally overstated. That is, the original estimates most often showed employment dropping off more than it actually did thus giving the appearance of an economy in worse shape than it actually was. However, the degree of overstatement was nominal. The comparison shows the original estimates were surprisingly close (within one half of one percent) to the counts established on the new benchmark.

Let's take a look at the record. In January 1982, the farthest point out on the old benchmark, the revisions amounted to a difference of 4,900 employes, or just five tenths of one percent, in total nonagricultural employment. This high level of accuracy was maintained despite the fact that employment has been falling rapidly in the last two years. Once again using January 1982 as the reference point, nonfarm employment in Oregon was down 48,000 from January 1981 and has plummetted over 68,000 since January 1980.

A comparison of numbers in the primary industries is particularly gratifying at least as far as tracking the downturn is concerned. The numbers on the lumber and wood products industry, for example, a precursor to much of the economic activity and health of the state, came in very close despite a sustained drop in the number of people working. The January 1982 lumber estimates showed 55,300 workers employed, a dramatic 25% reduction from the 74,000 working two years earlier.

Construction was one of just two major industrial sectors revised downwards. In construction our ability to track the downturn fell short, especially on some of the specialty trade areas such as plumbing and heating work and in structural steel erection. Trade, the largest of the major industrial sectors, showed essentially no change as a result of the benchmark revision. Finance, insurance, and real estate was increased due in part to our earlier overstatement of the impact of the recession and due partially to an earlier undercount of the number of noncovered workers in the insurance/real estate portion. Services employment was the other major industry revised downwards. Most of the change was in the nonmedical services industries. Finally, in government most of the revision was concentracted in the federal sector and in the local government education portion.

The table below gives a brief look at the amount of revision in the major industrial categories.

January 1982 Nonfarm Employment

	Original Estimate ('80 BM)	Revised Estimate ('81 BM)	Change
Total Nonagricultural	965,900	970,800	4,900
Manufacturing	186,300	189,100	2,800
Lumber & Wood	54,500	55,300	800
Other Mfg.	131,800	133,800	2,000
Nonmanufacturing	779,600	781,700	2,100
Mining & Quarrying	1,500	1,700	200
Construction	31,600	29,900	-1,700
Trans. Comm. Util.	56,900	57,400	500
Trade	241,900	242,100	200
Fin. Ins. R.E.	63,000	65,300	2,300
Services	186,900	184,700	-2,200
Government	197,800	200,600	2,800

ANNUAL UNEMPLOYMENT RATES BY STATE

The table below provides the annual unemployment rates by state for 1980 and 1981. In total, thirty five states experienced a higher jobless rate in 1981 than was experienced in 1980. Only twelve states had lower rates for the period, and three states remained steady. Oregon's 9.9% annual rate was 5th highest in the nation, surpassed only by Michigan, West Virginia, Alabama and Indiana. Among the higher unemployment states most had primary industries related to either timber or cars, both highly sensitive industries to the interest rate fluctuations. Among the states with low unemployment are Texas and Wyoming, both states involved in the energy boom created by current high gas prices. Overall the nation's rate increased a half point between 1980 and 1981, with predictions for an even higher annual rate in 1982.

ANNUAL AVERAGE UNEMPLOYMENT RATES BY STATE,
1980-1981

	1980	1981		1980	1981		1980	1981		1980	1981
United States	7.1	7.6	Idaho	7.9	7.6	Missouri	7.2	7.7	Pennsylvania	7.8	8.4
Alabama	8.8	10.7	Illinois	8.3	8.5	Montana	6.1	6.9	Rhode Island	7.2	7.6
Alaska	9.7	9.3	Indiana	9.6	10.1	Nebraska	4.1	4.1	South Carolina	6.9	8.4
Arizona	6.7	6.1	Iowa	5.8	6.9	Nevada	6.2	7.1	South Dakota	4.9	5.1
Arkansas	7.6	9.1	Kansas	4.5	4.2	New Hampshire	4.7	5.0	Tennessee	7.3	9.1
California	6.8	7.4	Kentucky	8.0	8.4	New Jersey	7.2	7.3	Texas	5.2	5.3
Colorado	5.9	5.5	Louisiana	6.7	8.4	New Mexico	7.5	7.3	Utah	6.3	6.7
Connecticut	5.9	6.2	Maine	7.8	7.2	New York	7.5	7.6	Vermont	6.4	5.7
Delaware	7.7	7.9	Maryland	6.5	7.3	North Carolina	6.6	6.4	Virginia	5.0	6.1
Dist. of Col.	7.3	9.0	Massachusetts	5.6	6.4	North Dakota	5.0	5.0	Washington	7.9	9.5
Florida	5.9	6.8	Michigan	12.4	12.3	Ohio	8.4	9.6	West Virginia	9.4	10.7
Georgia	6.4	6.4	Minnesota	5.9	5.5	Oklahoma	4.8	3.6	Wisconsin	7.2	7.8
Hawaii	4.9	5.4	Mississippi	7.5	8.3	Oregon	8.3	9.9	Wyoming	4.0	4.1

AREA ECONOMIC NEWS

CITY OR AREA	COUNTY	
Statewide		According to the Bureau of Mines, U.S. Department of the Interior, the estimated value of nonfuel mineral production in Oregon during 1981 was $145 million, a decline from 1980's $150 million. Nonmetals such as sand and gravel, stone, talc, cement, clay, gemstones, pumice, lime, and soapstone accounted for 95% of the total. The production of nonmetals, especially cement and other materials used in the construction industry, continued to be depressed due to lack of demand stemming from the recession. In the metals sector, renewed interest surfaced in exploration and development activities. In eastern Oregon, a dragline and washing plant was reportedly recovering from 10 to 20 ounces of gold per day. In western Oregon, Hanna Mining Co., the sole domestic source of nickel, continued production and was active in searching for more nickel deposits. Other exploration activity included AMOCO in the North Santiam area, Galactic Resources in the Bohemia region, and Exxon in the Glendale area.
Eugene	Lane	Pacific Northwest Bell has decided to go ahead with plans to build a regional administrative building in Eugene. The office building, which has been planned since 1974, will cost an estimated $4 million to build. The proposed structure will contain 60,000 square feet in two stories and will sit on a four acre site in a park-like surrounding. Construction is expected to start in April and be completed in one year. Pacific Northwest Bell reports that all lumber used in the wood frame, cedar finished building will be bought from mills within Oregon and Washington. The new regional office complex will house approximately 300 Bell employees and will allow for the expansion of technical operations at the present PNB building in downtown Eugene.
Portland	Multnomah	A Portland firm, Northwest Marine Ironworks, has received a ship repair contract from the U.S. Navy. The $33 million contract involves a general overhaul of the guided missile destroyer USS Wilson. The vessel repair work will be done while the Wilson is dry-docked in the Port of Portland. The repair project is expected to employ an average of 450 workers for a one-year period and provide about 200,000 hours of subcontract work to be made available to Portland-area businesses.
Roseburg	Douglas	Fred Meyer Inc., operator of a chain of retail stores in the Pacific Northwest, has revealed plans to build a full-service store in Roseburg. The firm has purchased a 9.2 acre site in the northwest section of the city. Fred Meyer currently operates a consumer warehouse grocery outlet at a different site. No construction date has been set.
Boardman	Morrow	Plans for expansion of U&I Inc.'s potato processing plant in Boardman have been announced by the company. The plant sits on Port of Morrow land and currently employs between 400 and 500 people. The $20 million expansion is expected to get underway sometime in summer with completion scheduled for next year. Plans are for an expansion of the plant's fresh pack and french fry lines and additions of new, unspecified product lines. The company's decision ends speculation that the firm would build a $33 million potato processing plant at Plymouth, Washington in the near future.

SEASONAL ADJUSTMENT — A DEFINITION

Over the course of a year, the size of Oregon's labor force, the levels of employment and unemployment, and other measures of labor market activity undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make it easier to observe the cyclical and other nonseasonal movements in the series. In evaluating changes in a seasonally adjusted series, it is important to note that seasonal adjustment is merely an approximation based on past experience. Under "normal" economic times seasonally adjusted estimates have a broader margin of possible error than the original data on which they are based, since they are subject not only to sampling and other errors but are also affected by the uncertainties of the seasonal adjustment process itself. Given the current status of Oregon's economy seasonally adjusted data should be used with special caution because the patterns of the past have been disrupted by the current prolonged recession.

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OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
April 1982

MARCH TRENDS

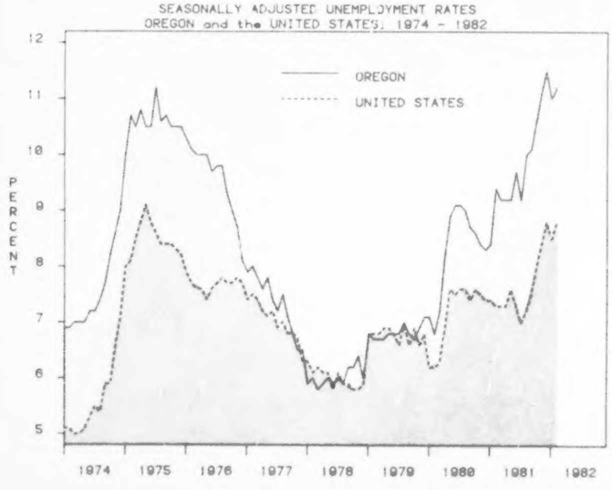
Wage & Salary Index...127.4 down from 128.1 in Feb.
Unemployment Rate.....12.3% down from 12.5% in Feb.
Seasonally Adjusted Rate......................11.4%
U.S. Seasonally Adjusted Rate.................9.0%

STILL BUMPING BOTTOM

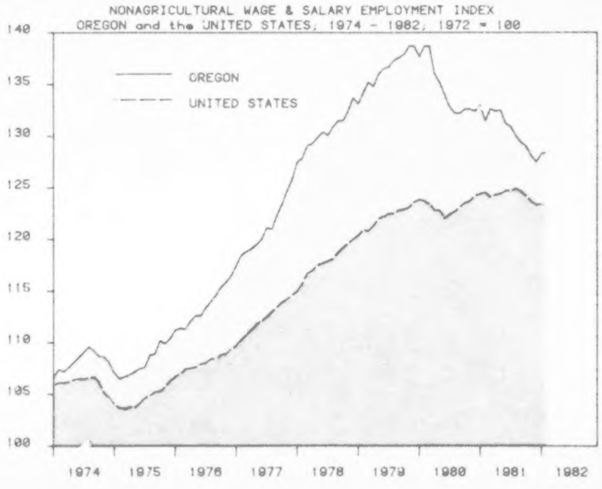
Amidst rumors of an economic recovery later this year came further evidence that Oregon and the Nation are still bumping along the economic bottom. Again this month clear signs of recovery were missing from the numerous indicators produced to portend economic trends.

One such indicator, the national unemployment rate in fact confirmed its negative direction by rising to 9.0% of the Labor Force (seasonally adjusted) and matching the post World War II record of May 1975. The jobless rate in March was up from 8.8% in February and 8.5% in January, which gives a first quarter average unemployment rate of 8.8%. If the nation's unemployment picture worsens during subsequent months, the 8.9% annual jobless rate used in revenue projections by the Reagan administration could be a bit conservative. A more realistic 9.0 to 9.5% annual rate would add to the current deficit. As a general rule, each one tenth percentage point rise in the nation's unemployment rate costs the government $2.5 billion in revenue.

Meanwhile the battle against inflation appears headed in the right direction. February's Consumer Price Index (CPI) of 7.7% over the year was the lowest since July 1978. Primary responsibility for the CPI moderation can be placed on the current recession. Decreased factory production and high home mortgage rates have served to stabilize price gains in sectors, - notably energy and housing - which have historically moved the CPI to new highs. Future prospects are for this trend to continue in the near term. In addition, worker wage demands are moderating as workers choose to work at lower wage scales when faced with the choice of not working at all. A second major industry, steel, is following the Auto Industry by addressing major wage concessions. Look for other industries to follow if the current economic trend continues. Given these three factors - decelerating energy prices, lower wage increases and high mortgage interest rates - the prospect for continued moderation in the CPI seems realistic. Current projections place 1982's annual rate of gain in the 7.0 to 8.0% range, down from an annual gain of 10.4% in 1981 and 13.5% in 1980.



SEASONALLY ADJUSTED UNEMPLOYMENT RATES
OREGON and the UNITED STATES; 1974 - 1982



NONAGRICULTURAL WAGE & SALARY EMPLOYMENT INDEX
OREGON and the UNITED STATES; 1974 - 1982; 1972 = 100

The question now is how the inflation picture will change as the economy enters its recovery period. The Reagan administration is predicting a nationwide economic upswing beginning during the third quarter of this year. Aided by July tax cuts, improvement will first be noticed in the durable goods sector among less costly items such as washers and dryers. From this initial stimulus will come a total recovery affecting all sectors of the economy. Major purchase items such as autos or homes will probably be the last to recover.

Great expectations have been attached to the July tax cut, a major spoke in the Reagan administrations economic recovery wheel. Although factors such as high interest rates and even higher deficits may weaken such a full-blown recovery, most economists believe the tax cuts will definitely move the economy in the right direction. The question now remains as to whether its effects will bolster a long-term economic recovery or whether the recovery will be short-lived with yet another recession in the wings for 1983.

Oregon's unemployment rate stood at 11.4% seasonally adjusted, outdistancing both January's 11.0% and February's 11.2%. In total 161,000 individuals were out of work and were looking for jobs, while 1,149,900 individuals had full or part-time jobs.

Another of Oregon's economic indicators pointed in the negative direction. The nonfarm wage and salary index dipped to 127.4 following 128.3 in January and an index of 128.1 in February. In total 970,600 Oregonians remained on nonagricultural wage and salary jobs in March, 49,200 fewer than one year ago and 83,600 fewer than March 1980.

Notable changes in payroll employment were almost nonexistent between February and March. Among the decline in manufacturing, only the 800 in food and kindred products proved significant. A permanent closure by a processing firm contributed heavily to the decline. This is the latest in a series of closures by food processing firms unable to compete with processors in the Mid-West.

The rest of manufacturing employment had its minor ups and downs. Lumber and wood producers continued to reflect a sluggish demand for timber, with only veneer and plywood producers providing a slight upturn. Other durable goods industries failed to meet even normal gains for this period as reflected by their 1,000 seasonally adjusted job decline.

Nonmanufacturing employment did post a 1,800 job rise over the month, aided mostly by gains in trade, services and government. These increases were much less than what is normally expected. What is important, however are the trends developing. Portions of the trade and services, which are historically stable sectors, are now feeling the effects of Oregon's recession.

Within trade, employment declines are reflective of a cost cutting movement which may be long-term. To maintain their market share, firms are reducing costs by eliminating marginal costs while applying current technology to maintain service. One example is food stores where computerized price checkers are decreasing the need for additional personnel. An example would be the replacement of workers with computerized inventory control systems.

Historically within the service industry there has been one stable if not expanding sector - health services. But this industry too, is now feeling the recessionary sting. The loss of health insurance by many of the unemployed is a major reason given for the decline in patients served.

OUTLOOK

Oregon's timber based economy appears to have finally bottomed out. Most sectors are stabilizing. Although weakness will continue for some time, at least some positive signs are evident. For once, lumber and wood products employment remained stable for the third straight month. Within the industry firms are still experiencing shortened work weeks and layoffs, however these numbers are declining. Now is the time to look at the future.

The long-term outlook for lumber products has to be extremely good for those remaining who can continue to weather the current recession. Since 1979 the United States has under produced houses for a significant segment of the post World War II baby boom population. These individuals will continue to need housing, whether single or multiple family dwellings. As costs continue to increase so will the need for alternatives in housing designs and financing. When the economy again swings into motion Oregon will share in this development and will benefit from its results.

The short-term prospects appear dim for any major recovery in home building during 1982. Help from the Reagan administration for the housing industry will be nonexistent due to a federal deficit around the $100 billion mark.

Look for 1983 and 1984 as years for major improvement in the housing industry. As the health of the lumber and wood products industry improves, so will the health of Oregon. Over the next few months the warmer weather will bring increased activity in agriculture and tourism. Again in 1982, tourism will likely be Oregon's major bright spot.

OREGON ECONOMIC MODEL

"Econometrics" is a term which has been highlighted in several news stories lately relating to Oregon's economy. This economic model is nothing more than a set of statistical equations which together measure the behavior of Oregon's economy. Solutions must be found for all of these equations at the same time because of the logical relationships that exists among a large number of economic variables. This treatment of a multiple of variables at the same time separates the econometric model from other types of statistical techniques which could be used to forecast the State's level of economic activity.

In the uncertainty of the 1980's Oregon will be relying more and more on this model for state level planning. It will be used in the budget process to test the impact of proposed legislative changes, policy initiatives, and other foreseeable external economic events on state government revenues. The impact of these policy issues and their outcome is reflected in changes in state income, employment, interest rates, etc. When the State uses the model in this mode, the question becomes "how would the level of state income be affected by such things as Federal Reserve monetary policy changes?" To answer this kind of policy question the State can use the model to simulate the effects of such changes through Oregon's economy. However, the ability of the State's model to simulate all kinds of policies does have practical limits. Policy analysis is a very complex area and even good national models periodically miss the mark.

The integrated nature of the State's model forces the user to develop and evaluate vast amounts of information in a systematic way. Anyone asking the model for forecasts must be able to specify assumptions of the policy change they are testing. They must also be able to identify any other "outside" variables which could have impacts on the model forecasts. For anyone involved in planning short-term training programs, economic development programs or business activities the State's model contains a wealth of useful economic information. The following table gives a flavor of the kinds of information available to the interested user. It provides annual projections of the Consumer Price Index, housing starts, interest rates and annual average wages for the state and nation.

ANNUAL FORECAST OF THE OREGON ECONOMY
as of March 1981

	1980	1981	1982	1983	1984	1985
Consumer Price Index (1967=100)						
Oregon (Portland SMSA)	255.4	278.1	289.1	309.8	334.2	361.4
% Change	-	8.9	4.0	7.2	7.9	8.1
U.S.	247.0	272.4	292.5	314.3	337.0	362.2
% Change	-	10.3	7.4	7.5	7.2	7.5
Housing Starts						
Oregon (thousands)	19.3	13.3	13.3	18.3	18.5	26.5
% Change	-	-31.1	0.0	37.6	1.1	43.2
U.S. (millions)	1.3	1.1	1.2	1.6	1.7	2.1
% Change	-	-15.4	9.1	33.3	6.3	23.5
Interest Rates						
Prime Rate	15.3	18.9	15.2	15.4	14.1	12.1
% Change	-	23.5	-19.6	1.3	-8.4	-14.2
New Home Mortgage Rate	13.0	15.4	15.8	15.2	14.4	13.9
% Change	--	18.5	2.6	- 3.8	- 5.3	- 3.5
Annual Average Wage (thousands of dollars)						
Manufacturing	18.2	20.1	21.5	23.2	25.1	27.2
% Change	--	10.4	7.0	7.9	8.2	8.4
State & Local Government	12.3	13.1	14.1	15.0	16.1	17.2
% Change	--	6.5	7.6	6.4	7.3	6.8

Although this model is not the panacea for providing all of the answers to relevant questions it is better than a shot in the dark. Such models must be tempered with human judgement if they are to be of maximum use. If you desire further information on Oregon's econometric model, please contact Dr. Chang Sohn, state econometrician at 378-3405 in Salem.

HOUSING PROBLEMS — CONGRESSIONAL ACTION

Throughout the nation the housing industry exhibits severe problems. During 1981, housing activity reached down to 1.1 million starts - far below the 1978 peak of 2 million starts. This was because of high interest rates and severely curtailed availability of mortgage funds. Most estimates of housing demand, due to population growth, exceed 2 million new houses per year - which translates to a shortfall of roughly 600,000 units in each of the past three years.

Nonetheless, there is little indication that this shortfall will be overcome in the near future. Record interest rates have not only depressed the effective demand for new housing, but also have devastated the nation's thrift institutions and thus dried-up the major source of mortgage financing.

Homebuilding has helped lead the economy out of past recessions. Housing starts rose as lower interest improved the availability and costs of mortgages. Some indications of at least a partial recovery in 1982 and 1983 are in the making. A slight recent increase in home sales, an apparent bottoming-out of housing starts, the lowest level of home inventories since 1971, and of course the massive shortfall in building during the last several years give promise of the long-awaited turnaround.

However, real-estate analysts generally agree that mortgage rates must decline several percentage points, to 12-14%, to generate a significant demand for mortgage credit and housing.

The House and Senate are each working on versions of bills to give aid to the home building industry as well as to the troubled thrift industry - those financial institutions whose major business is mortgage loans.

The House's St. Germain Bill includes creation of a trust fund out of which low interest loans would be made to help thrifts shore up their net worth postures.

The Lugar Bill, now coming out of Senate Committee, would feature a subsidy on mortgage rates for home construction. The Treasury would pay amounts equal to 3, 2 and 1% interest for the first three years of qualifying housing loans.

Though the Administration has voiced opposition to this type of legislative action, these bills have considerable momentum and are likely to be passed this spring, if the current budget impasse can be resolved. A joint committee may include elements of the Garns Bill in a combined House - Senate package which would allow changes in accounting methods for thrifts.

Jack Goetze, president of the Oregon Mutual Savings Bank and a leader of gaining consensus and support for these bills among major banking associates, believes that this legislation could generate enough housing starts to enable the national construction industry to climb out of its recession within a year of its passage.

RESIDENT OREGON LABOR FORCE

	Mar. 1982 1/	Feb. 1982 2/	Change	% Change	Mar. 1981 5/
Civilian Labor Force 3/	1,310,900	1,306,000	+4,900	+0.4	1,321,700
Unemployment	161,000	162,800	-1,800	-1.1	133,700
Percent of Labor Force	12.3	12.5	xxx	xxx	10.1
Seasonally Adjusted Percent	11.4	11.2 1/	xxx	xxx	9.2 1/
Total Employment 4/	1,149,900	1,143,200	+6,700	+0.6	1,188,000

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Mar. 1982	Feb. 1982	Mar. 1981	Change From Feb. 1982	Change From Mar. 1981
TOTAL 1/	970,600	970,100	1,019,800	500	-49,200
Wage & Salary Employment Index (Seasonally Adjusted)	127.4	128.1	133.9	xxx	xxx
Total Manufacturing	186,900	188,200	200,600	-1,300	-13,700
Durable Goods	135,400	135,900	150,100	- 500	-14,700
Lumber & Wood Products	55,300	55,300	63,900	0	- 8,600
Logging & Sawmills	27,800	27,900	32,400	- 100	- 4,600
Veneer & Plywood	17,400	17,200	19,300	200	- 1,900
Millwork & Structural Wood	5,200	5,300	6,500	- 100	- 1,300
Mobile Homes	1,500	1,500	2,000	0	- 500
Other Wood Products	3,400	3,400	3,700	0	- 300
Furniture & Fixtures	2,000	2,100	2,500	- 100	- 500
Stone, Clay, Glass, & Concrete	3,700	3,500	3,800	200	- 100
Primary Metals	9,100	9,200	10,500	- 100	- 1,400
Blast Furnaces, Iron & Steel	5,200	5,200	6,100	0	- 900
Nonferrous Metals	3,900	4,000	4,400	- 100	- 500
Fabricated Metals	10,200	10,400	11,000	- 200	- 800
Fabricated Structural Metals	3,900	4,000	4,400	- 100	- 500
Other Fabricated Metals	6,300	6,400	6,600	- 100	- 300
Machinery	17,100	17,000	17,600	100	- 500
Electrical Equipment & Supplies	10,200	10,200	10,000	0	200
Transportation Equipment	8,000	8,200	9,900	- 200	- 1,900
Instruments & Related Products	17,200	17,300	18,600	- 100	- 1,400
Miscellaneous Manufacturing	2,600	2,700	2,300	- 100	300
Nondurable Goods	51,500	52,300	50,500	- 800	1,000
Food & Kindred Products	20,900	21,700	20,300	- 800	600
Canning & Preserving	10,800	11,500	10,400	- 700	400
Other Food Products	10,100	10,200	9,900	- 100	200
Textile Mill Products	1,900	1,900	1,700	0	200
Apparel	2,900	3,000	2,800	- 100	100
Paper & Allied Products	10,000	10,000	10,100	0	- 100
Printing & Publishing	10,400	10,400	10,100	0	300
Chemicals & Allied Products	2,200	2,200	2,200	0	0
Petroleum Refining	400	400	600	0	- 200
Rubber & Plastic Products	2,500	2,400	2,400	100	100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Mar. 1982	Feb. 1982	Mar. 1981	Feb. 1982	Mar. 1981
(cont.)					
Total Nonmanufacturing	783,700	781,900	819,200	1,800	-35,500
Mining & Quarrying	1,800	1,800	2,000	0	- 200
Construction	29,800	30,300	37,200	- 500	- 7,400
Transportation, Communications, & Utilities	57,200	57,000	58,900	200	- 1,700
Transportation	32,000	31,800	33,900	200	- 1,900
Railroad	6,200	6,200	7,000	0	- 800
Trucking & Warehousing	16,000	15,800	16,400	200	- 400
Other Transportation	9,800	9,800	10,500	0	- 700
Communications	16,100	16,100	15,900	0	200
Utilities	9,100	9,100	9,100	0	0
Trade	240,100	239,300	250,100	800	-10,000
Wholesale Trade	63,800	64,100	66,500	- 300	- 2,700
Durable Goods	37,900	37,900	41,200	0	- 3,300
Nondurable Goods	25,900	26,200	25,300	- 300	600
Retail Trade	176,300	175,200	183,600	1,100	- 7,300
General Merchandise	23,000	23,100	24,400	- 100	- 1,400
Food Stores	25,700	25,900	26,100	- 200	- 400
Auto Dealers & Service Stations	21,700	21,400	22,600	300	- 900
Other Retail Trade	105,900	104,800	110,500	1,100	- 4,600
Finance, Insurance, & Real Estate	64,700	64,600	69,000	100	- 4,300
Banking & Credit Agencies	24,400	24,700	25,300	- 300	- 900
Other Finance, Insurance, & Real Estate	40,300	39,900	43,700	400	- 3,400
Services	186,400	185,800	193,600	600	- 7,200
Hotels & Personal Services	22,900	22,800	24,400	100	- 1,500
Health Services	63,700	64,200	63,600	- 500	100
Other Services	99,800	98,800	105,600	1,000	- 5,800
Government	203,700	203,100	208,400	600	- 4,700
Federal Government	29,200	29,400	28,200	- 200	1,000
State Government	52,800	52,800	55,700	0	- 2,900
Education	23,100	23,000	24,100	100	- 1,000
Other State	29,700	29,800	31,600	- 100	- 1,900
Local Government	121,700	120,900	124,500	800	- 2,800
Education	77,300	76,900	78,300	400	- 1,000
Other Local	44,400	44,000	46,200	400	- 1,800
Labor-Management Disputes	0	0	500	0	- 500

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

HIGH UNEMPLOYMENT RATES RELATED TO JOB LOSSES IN LUMBER AND CONSTRUCTION

Oregon's average unemployment rate in 1981 was 9.9%, three points higher than 1979's pre-recession average of 6.8%. From 1979 to 1981 there was a net loss of 17,400 wage and salary jobs in the lumber and wood products industry, and 15,400 jobs in the construction industry. Employment losses in these two depressed industries comprised the greater part of the jump in Oregon's unemployment rate.

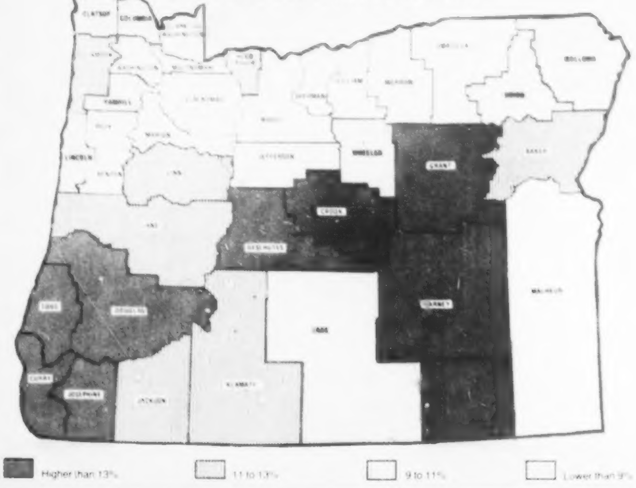
A simple analytical tool can be used to relate these two-year employment losses to changes in the unemployment rate. Dividing the job losses by the 1981 labor force (the labor force is the denominator of the unemployment rate), one arrives at a useful measure of job loss in each industry. As the table opposite shows , Oregon's job losses in the lumber and construction industries amounted to 1.3 and 1.2% of the state's 1981's labor force. Another way of stating this is that the unemployment rate increased 1.3 percentage points because of job losses in lumber and wood products, and 1.2 percentage points due to layoffs in construction.

This analytical technique is a valuable but not complete measure of the effects of these job losses on the local economies. We know that large layoffs at lumber mills and construction sites do not occur in isolation - they are accompanied by drops in income which eventually result in job losses in other industries. Unemployed workers may also leave the area in search of jobs.

All but one of Oregon's counties saw a rise in unemployment rates from 1979 to 1981. The following table shows that in most counties most of the difference between the 1979 and 1981 rates can be explained by the job losses in the lumber and construction industries.

Exceptional changes in the size of the labor force, largely due to the migration of unemployed workers, played important roles in several counties' unemployment rates. Changes in employment in other locally important industries had a major influence on several area's unemployment rates.

1981 AVERAGE UNEMPLOYMENT RATES FOR OREGON COUNTIES & SMSA's



Harney County's unemployment rate rose from 7.5 to 21.8 over the two years, mostly as a result of some 800 layoffs by the county's largest employer. The county's 1981 rate would have been higher still had it not been for a 5% decrease in its labor force.

The adjacent Crook and Grant Counties also felt their unemployment rates jump due to large layoffs in the lumber industry (as can be seen by the 8.6 and 7.6 in their lumber and wood products columns), alleviated partially by slow growth in their labor forces. Deschutes County saw an end to its rapid buildup in construction (as can be seen by the 2.6 in its construction column).

The southwestern Curry, Coos, Douglas and Josephine Counties were hard hit by layoffs in the lumber industry. Tillamook and Klamath Counties were hit nearly as hard. Klamath County lost another 200 civilian jobs with the closure of Kingsley Air Force Base.

Curtailment of activity in construction as well as in lumber, pushed unemployment rates upward in the Medford and Eugene SMSA's (Jackson and Lane Counties). Linn County workers also endured some 400 layoffs in food processing, primary metals and other manufacturing.

Hood River County's unemployment rate, second highest in the state in 1979, rose a couple of points due to layoffs in its lumber mills.

In northeastern Oregon, closures of sawmills pushed Baker County's rate up nearly four points despite slow growth in the county's labor force. In contrast, Wallowa County's rapid labor force growth was the major cause for the higher unemployment rate. Losses in lumber employment were partially offset by gains in construction in Lake and Union Counties.

Wheeler County's unemployment rate, by far the state's highest in 1979, dropped over the two year period, as the effects of layoffs in the lumber and wood products industry were outweighed by a large decline in the labor force.

In the northwest, Columbia County's fairly heavy losses in lumber and wood jobs were partially absorbed by gains in construction jobs, as the table indicates. In the remaining coastal counties, Clatsop and Lincoln, losses in lumbering and construction had relatively moderate effects, while Lincoln County's labor force continued to grow rapidly.

Yamhill County's unemployment rate, under 6% in 1979, was pushed upward three points by losses of jobs in these two key industries. In the adjacent Salem SMSA (Polk and Marion Counties) loss of construction jobs had the major impact.

The unemployment rate's 50% rise in the Portland SMSA (Multnomah, Clackamas, Washington and Clark Counties) was led by job losses in construction, transportation equipment and fabricating metals manufacturing, and lumber and wood products.

Benton County experienced considerable losses in lumber and wood products jobs along with rapid growth in its labor force; yet its unemployment rate remained relatively low due to the opening of 600 net jobs in nonwood manufacturing.

Returning to eastern Oregon: About half the jump in Umatilla County's unemployment rate can be traced directly to the lumber and construction industries. Wasco-Sherman Counties' heavier losses in these industries were lightened by gains in government employment.

Morrow County's labor force, having expanded rapidly throughout the 1970's, declined 13% from 1979 to 1981, in response to mill layoffs and the loss of over a thousand construction jobs with the completion of the Carty coal fire plant near Boardman

Changes in year-round agricultural employment over the two years influenced the unemployment rates of several eastern Oregon counties. Agricultural employment was lower in each of the Columbia River counties from Wasco eastward to Umatilla, and higher in Malheur County.

1979 AND 1981 AVERAGE UNEMPLOYMENT RATES
WITH INCREASES DUE TO JOB LOSSES IN KEY INDUSTRIES

	1979 Unemp. Rate	Increase in rate due* to job losses in: Lumber & Wood Products		1981 Unemp. Rate
			Constr.	
Oregon	6.8	1.3	1.2	9.8
Harney	7.5	20.5	0.8	21.8
Crook	9.9	8.6	0.5	16.6
Curry	10.2	5.4	-0.1	15.9
Coos	8.8	5.1	1.3	15.9
Grant	9.7	7.6	0.8	15.6
Douglas	9.7	4.3	1.2	15.5
Josephine	10.1	4.1	0.3	14.6
Deschutes	9.0	1.7	2.6	13.9
Tillamook	8.0	4.1	0.1	12.7
Klamath	9.0	4.2	0.8	12.5
Hood River	10.8	1.9	0.2	12.4
Medford SMSA	8.9	1.4	1.4	12.4
Linn	9.3	1.3	0.7	12.3
Baker	8.1	3.9	0.3	11.9
Eugene SMSA	8.2	1.8	1.4	11.4

	1979 Unemp. Rate	Increase in rate due* to job losses in: Lumber & Wood Products		1981 Unemp. Rate
			Constr.	
Lake	9.4	1.8	- 0.3	10.9
Wallowa	8.3	0.8	-	10.8
Wheeler	14.8	2.8	-	10.7
Columbia	8.1	3.6	- 0.6	10.7
Clatsop	7.8	1.4	1.0	10.2
Lincoln	7.3	1.0	0.8	9.8
Union	8.1	2.5	- 0.5	9.7
Yamhill	5.8	2.3	0.9	9.3
Umatilla	6.9	0.5	0.5	8.8
Salem SMSA	6.2	0.6	1.4	8.6
Wasco Sherman	7.4	1.3	1.2	8.4
Jefferson	7.5	0.7	- 0.7	8.3
Malheur	7.2	0.1	0.2	8.1
Portland SMSA	5.4	0.3	1.0	8.0
Morrow	4.8	4.5	20.0	7.7
Benton	6.2	1.7	0.2	6.6
Gilliam	4.0	-	-	4.8

*Difference between 1979 and 1981 annual average employment in the respective industries, divided by the 1981 average labor force, for each county or SMSA.

LABOR FORCE BENCHMARK

In last month's issue of Labor Trends an article entitled "The 1981 Benchmark" discussed the process by which nonfarm wage and salary employment estimates for each industry are revised annually. That process essentially involves replacing earlier sample-based industry employment estimates with more complete counts obtained from payroll tax reports of employers covered by the unemployment insurance program. January, 1982, employment estimates on both the old (1980) and new benchmarks (1981) were also compared to illustrate the magnitude of revisions made to the major industry groups.

In this article, we will discuss the annual benchmarking process by which the resident labor force, unemployment, and total employment data are revised, and also show how much effect this had on the published labor force series.

Before discussing the annual benchmarking procedure, it is necessary to understand how the monthly estimates are made initally. The procedure is determined by the U.S. Department of Labor, Bureau of Labor Statistics (BLS). The BLS, in cooperation with the Census Bureau, conducts a monthly household survey nationwide called the Current Population Survey (CPS). From this survey of about 60,000 households, the nations' total employment and unemployment statistics are derived.

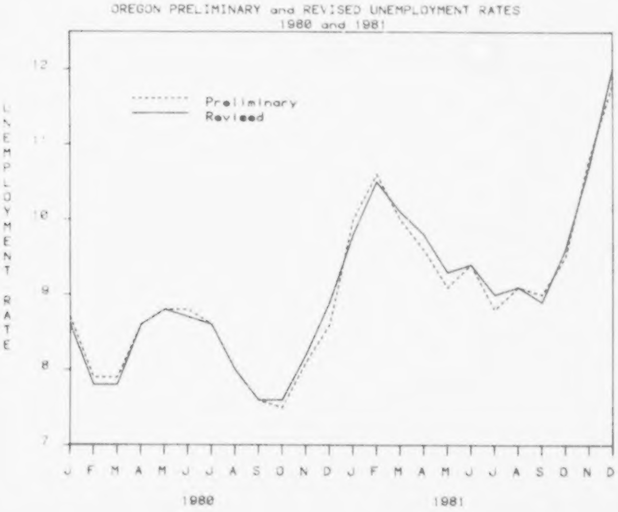
In Oregon, estimating unemployment is complicated by the fact that the number of CPS households here is too small (about 1,100) for direct use. Therefore an alternate procedure is used. An independent unemployment estimate is derived using unemployment insurance (UI) administrative data, nonfarm industry employment data, special surveys, and Census information. This "handbook" estimate, (so called because the instructions are contained in a technical manual) reflects different data bases among states. This is because Unemployment Insurance laws differ from state to state. But by adjusting the state handbook results by the U.S. CPS estimates, more comparable employment and unemployment estimates are derived. This CPS adjustment consists of developing a six-month running average for the most current handbook and CPS estimate. The CPS average divided by the handbook average yields an adjustment factor that is applied to the current month's handbook estimate. This process is followed for both the total employment and unemployment estimate.

At year end, however, the annual average CPS data for Oregon is statistically accurate enough (7½% error at a 6% unemployment rate) to use independently. The annual CPS data is then allocated to individual months based on the revised handbook trends.

The table below shows how the revised labor force data for 1980 and 1981 compares to the estimates previously published.

	Change - Revised vs Preliminary	
	1981	1980
Civilian Labor Force	+17,700	+25,000
Unemployment	+ 2,500	+ 2,000
Unemployment Rate	+0.1(to 9.9%)	+0.1(to 8.3%)
Total Employment	+15,200	+22,000

Note since both the labor force and unemployment levels were revised upward, the annual average unemployment rates did not change significantly. The monthly unemployment rates (not seasonally adjusted) during 1980 and 1981 also changed very little as the accompanying graph reveals.



To be sure, benchmarking economic statistics is not a very sexy subject. But it is a necessary annual process to ensure that these data series are sufficiently reliable and accurate to support their many uses, such as policy development and allocation of resources. Those readers who are interested in the more detailed revisions should refer to the 1980 and 1981 labor force tables for Oregon which are included in this issue of Labor Trends.

OREGON EMPLOYMENT SERVICE IS ALIVE AND WELL!!

Employment Service funding was reduced by congressional action, resulting in closure of offices and reduced staff. In Oregon 13 local offices were closed and 230 positions were abolished.

Some funding has now been restored. The Employment Division is unable to open additional offices but will beef up staffing in the remaining offices to meet employer and applicant demand and maximize services.

In addition to pre-screening and referring of applicants, the division will continue to provide employers with such services as:

Labor Market Information including data affirmative action programs, and state and local area economic analysis.

Information on tax exemptions under the Targeted Jobs Tax Credit (TJTC).

Mass recruitment, on-site or through Employment Division local offices.

The Employment Division is the only place that assists employers by monitoring unemployment insurance claimants and disqualifing individuals who refuse suitable work. A tax saving for the employer is a direct result of our efforts.

If you are in need of applicants to fill your job openings, please call the Employment Division office nearest to you:

Albany	967-9139	LaGrande	963-7111
Astoria	325-4821	McMinnville	472-5118
Baker	523-6331	Medford	776-6081
Beaverton	644-1229	Milton-Freewater	938-3371
Bend	388-6070	Newport	265-8891
Burns	573-5251	Ontario	889-5394
Coos Bay	888-2555	Oregon City	657-2078
Eugene	686-7744	Pendleton	276-9050
Gold Beach	247-7043	Portland	229-5005
Grants Pass	474-3161	Redmond	548-8196
Gresham	665-3102	Roseburg	440-3344
Hermiston	567-3381	Salem	378-4846
Hillsboro	648-8911	Springfield	726-3570
John Day	575-0744	The Dalles	296-5435
Klamath Falls	883-5630	Tillamook	842-4488

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State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1981 Benchmark
March 1982 (Rev.)

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1980 1/

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,295.0	1,255.4	1,265.5	1,281.7	1,287.6	1,302.9	1,325.6	1,300.3	1,293.8	1,306.0	1,306.9	1,303.5	1,310.7
UNEMPLOYMENT	107.0	107.5	98.7	100.3	110.7	114.2	115.9	111.9	103.0	99.0	99.7	107.1	116.0
Percent of Labor Force	8.3	8.6	7.8	7.8	8.6	8.8	8.7	8.6	8.0	7.6	7.6	8.2	8.9
TOTAL EMPLOYMENT	1,188.0	1,147.9	1,166.8	1,181.4	1,176.9	1,188.7	1,209.7	1,188.4	1,190.8	1,207.0	1,207.2	1,196.4	1,194.7

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1980 2/ **

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL WAGE AND SALARY	1,044.6	1,038.9	1,047.7	1,054.2	1,044.6	1,042.9	1,053.2	1,025.0	1,034.4	1,052.2	1,051.7	1,046.9	1,042.4
Wage & Salary Empl. Index (1972=100)	134.9	137.6	138.3	138.0	135.8	134.9	134.1	132.8	133.0	133.3	133.7	133.9	134.1
MANUFACTURING, TOTAL	215.1	218.6	218.6	218.3	209.6	204.9	211.2	214.0	221.9	224.9	218.4	213.6	208.4
Durable Goods	159.6	165.5	166.0	165.7	157.9	152.6	156.1	156.9	159.6	162.1	159.8	157.9	155.4
Lumber & Wood Products	69.5	74.0	74.2	72.4	66.3	63.6	67.1	69.6	70.8	71.7	70.1	68.5	67.1
Logging & Sawmills	36.9	38.7	38.5	37.4	35.3	34.3	36.7	37.8	38.4	38.6	37.4	35.9	34.2
Veneer & Plywood	20.5	22.2	22.3	21.7	18.9	18.3	19.6	20.3	20.3	20.7	20.5	20.4	20.5
Millwork & Structural Wood	6.2	6.8	6.9	6.9	6.0	5.3	5.3	5.6	6.1	6.4	6.3	6.5	6.6
Mobile Homes	2.1	2.3	2.5	2.4	2.2	2.1	1.8	2.0	2.1	2.2	2.1	2.0	2.0
Other Wood Products	3.8	4.0	4.0	4.0	3.9	3.6	3.7	3.9	3.9	3.8	3.8	3.7	3.8
Furniture & Fixtures	2.6	2.7	2.7	2.8	2.7	2.6	2.6	2.3	2.4	2.4	2.6	2.5	2.6
Stone, Clay, Glass & Concrete Prod.	4.5	3.9	4.0	4.0	4.4	4.5	4.6	5.0	5.1	5.1	4.5	4.3	4.1
Primary Metals	11.0	11.4	11.4	11.6	11.4	11.2	10.9	10.5	10.6	10.7	10.5	10.6	10.6
Blast Furnaces, Iron & Steel Found.	6.4	6.6	6.6	6.7	6.7	6.6	6.3	6.2	6.1	6.2	6.2	6.2	6.2
Nonferrous Metals	4.6	4.8	4.8	4.9	4.7	4.6	4.6	4.3	4.5	4.5	4.3	4.4	4.4
Fabricated Metals	12.7	13.7	13.4	13.3	12.7	12.1	12.1	11.7	12.3	12.8	13.1	12.9	12.3
Fabricated Structural Metals	5.0	5.3	5.2	5.3	5.0	4.8	4.8	4.8	5.0	5.1	5.2	5.1	4.9
Other Fabricated Metals	7.7	8.4	8.2	8.0	7.7	7.3	7.3	6.9	7.3	7.7	7.9	7.8	7.4
Machinery	17.7	18.2	18.2	18.3	17.6	17.2	17.7	17.2	17.2	17.8	17.7	17.7	17.8
Electrical Equipment & Supplies	9.8	9.3	9.3	9.8	9.9	9.8	9.7	10.0	10.2	10.1	10.0	9.9	9.9
Transportation Equipment	10.3	11.0	11.4	11.9	11.2	9.9	9.6	9.0	9.4	10.0	10.3	10.4	10.0
Instruments & Related Products	19.3	19.1	19.2	19.4	19.5	19.5	19.7	19.5	19.5	19.4	18.8	18.8	18.7
Miscellaneous Manufacturing	2.2	2.2	2.2	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.2	2.3	2.3
Nondurable Goods	55.5	53.1	52.6	52.6	51.7	52.3	55.1	57.1	62.3	62.8	58.6	55.7	53.0
Food & Kindred Products	24.3	21.6	21.0	20.8	20.4	20.9	23.7	25.8	31.0	31.5	27.9	25.2	22.3
Canning and Preserving	14.1	11.3	11.3	11.1	10.8	11.0	13.4	15.3	20.4	21.1	17.1	14.5	12.1
Other Food Products	10.2	10.3	9.7	9.7	9.6	9.9	10.3	10.5	10.6	10.4	10.8	10.7	10.2
Textile Mill Products	2.0	2.1	2.1	2.1	2.0	2.0	2.0	2.1	2.1	2.1	1.9	1.9	1.9
Apparel	3.2	3.3	3.3	3.3	3.4	3.4	3.4	3.1	3.0	3.1	2.9	2.9	2.9
Paper & Allied Products	10.4	10.3	10.4	10.4	10.2	10.3	10.5	10.7	10.5	10.4	10.3	10.2	10.3
Printing & Publishing	10.0	10.1	10.1	10.2	10.0	10.0	9.9	9.9	10.0	10.0	10.0	10.0	10.1
Chemicals & Allied Products	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2	2.2	2.2
Petroleum Refining	0.6	.6	.6	.6	.6	.6	.6	.7	.7	.7	.7	.6	.6
Rubber & Plastic Products	2.4	2.5	2.5	2.6	2.5	2.5	2.4	2.3	2.4	2.4	2.4	2.4	2.4
Leather Products	0.3	.3	.3	.3	.3	.3	.3	.2	.3	.3	.3	.3	.3

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	829.5	820.3	829.1	835.9	835.0	838.0	842.0	811.0	812.5	827.3	833.3	833.3	834.0
Mining & Quarrying	2.3	2.1	2.1	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.2	2.1
Construction	46.5	47.0	47.0	46.7	45.8	46.1	46.9	47.1	48.3	48.8	47.2	44.5	42.1
Transp., Comm. & Utilities	60.5	60.1	60.2	60.1	60.1	60.2	60.3	60.3	60.8	61.2	61.1	60.6	60.7
Transportation	35.4	35.5	35.5	35.3	35.2	35.2	35.0	34.9	35.5	35.9	36.0	35.4	35.5
Railroad	7.3	7.4	7.4	7.4	7.5	7.6	7.3	7.4	7.3	7.2	7.2	7.2	7.2
Trucking & Warehousing	17.6	17.6	17.6	17.3	17.1	17.0	17.3	17.6	17.9	18.1	18.2	17.8	17.7
Other Transportation	10.5	10.5	10.5	10.6	10.6	10.6	10.4	9.9	10.3	10.6	10.6	10.4	10.6
Communications	16.3	16.2	16.2	16.3	16.3	16.3	16.3	16.3	16.2	16.3	16.2	16.2	16.2
Utilities	8.8	8.4	8.5	8.5	8.6	8.7	9.0	9.1	9.1	9.0	8.9	9.0	9.0
Trade	255.6	252.5	252.4	255.2	253.8	254.1	255.2	251.1	254.0	258.6	257.0	258.9	263.2
Wholesale Trade	67.4	66.7	67.1	67.0	66.8	66.8	66.4	66.0	67.1	68.8	68.7	68.2	68.6
Durable Goods	42.2	42.7	42.9	42.9	42.4	42.0	42.2	41.6	41.7	42.2	41.8	41.7	41.8
Nondurable Goods	25.2	24.0	24.2	24.1	24.4	24.8	24.2	24.4	25.4	26.6	26.9	26.5	26.8
Retail Trade	188.2	185.8	185.3	188.2	187.0	187.3	188.8	185.1	186.9	189.8	188.3	190.7	194.6
General Merchandise	27.9	29.1	27.6	28.0	27.1	27.0	27.0	26.9	26.6	26.8	27.8	29.3	31.3
Food Stores	24.6	23.6	23.6	24.1	24.1	24.6	25.1	24.6	25.0	25.0	24.8	25.0	25.3
Auto Dealers & Services Stations	23.8	24.0	24.1	24.3	23.9	23.9	23.7	23.6	24.0	24.1	23.5	23.4	23.1
Other Retail Trade	111.9	109.1	110.0	111.8	111.9	111.8	113.0	110.0	111.3	113.9	112.2	113.0	114.9
Finance Ins. & Real Estate	70.0	69.1	69.5	69.7	69.3	69.5	70.2	70.9	71.3	70.3	70.2	69.8	69.8
Banking & Credit Agencies	24.8	24.7	24.8	24.7	24.8	24.7	24.6	24.9	24.9	24.8	24.8	24.9	25.1
Other Finance Ins. & Real Estate	45.2	44.4	44.7	45.0	44.5	44.8	45.6	46.0	46.4	45.5	45.4	44.9	44.7
Services	191.4	186.7	190.4	192.4	192.8	191.9	193.5	190.8	191.4	192.4	192.0	190.7	192.2
Hotels & Personal Services	24.6	23.5	24.0	24.5	25.2	25.1	25.6	24.9	25.4	25.1	24.4	23.6	23.5
Health Services	62.1	61.0	61.5	61.5	61.5	61.5	62.4	62.5	62.8	62.6	62.3	62.8	63.2
Other Services	104.7	102.2	104.9	106.4	106.1	105.3	105.5	103.4	103.2	104.7	105.3	104.3	105.5
Government	203.2	202.8	207.5	209.6	210.9	213.9	213.5	188.4	184.3	193.6	203.4	206.6	203.9
Federal	30.8	28.2	28.5	29.0	32.2	33.5	33.8	33.4	32.9	30.2	29.6	29.6	29.0
State Government	55.3	55.3	56.5	57.7	56.6	56.8	58.2	53.7	53.0	52.0	54.8	55.1	53.6
Education	23.1	23.7	24.6	24.8	24.6	24.4	24.7	20.0	19.6	19.3	23.6	24.5	23.4
Other State	32.2	31.6	31.9	32.9	32.0	32.4	33.5	33.7	33.4	32.7	31.2	30.6	30.2
Local Government	117.1	119.3	122.5	122.9	122.1	123.6	121.5	101.3	98.4	111.4	119.0	121.9	121.3
Education	71.1	75.1	77.8	77.7	76.9	77.7	73.9	53.8	52.7	65.3	72.4	75.0	74.8
Other Local	46.0	44.2	44.7	45.2	45.2	45.9	47.6	47.5	45.7	46.1	46.6	46.9	46.5
LABOR-MANAGEMENT DISPUTES	0.7	.2	.3	.2	.6	.6	1.2	1.3	2.5	.6	.5	0	0

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

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State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
March 1981 Benchmark
March 1982 (Rev.)

OREGON RESIDENT LABOR FORCE, UNEMPLOYMENT & EMPLOYMENT 1981 1/

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
CIVILIAN LABOR FORCE	1,330.0	1,296.2	1,302.4	1,321.7	1,327.1	1,338.4	1,363.8	1,347.7	1,338.1	1,343.9	1,335.6	1,322.9	1,322.2
UNEMPLOYMENT	131.0	127.5	136.5	133.7	129.8	125.0	127.5	121.4	122.3	120.0	127.8	141.3	159.2
Percent of Labor Force	9.9	9.8	10.5	10.1	9.8	9.3	9.3	9.0	9.1	8.9	9.6	10.7	12.0
TOTAL EMPLOYMENT	1,199.0	1,168.7	1,165.9	1,188.0	1,197.3	1,213.4	1,236.3	1,226.3	1,215.8	1,223.9	1,207.8	1,181.6	1,163.0

OREGON NONAGRICULTURAL WAGE & SALARY EMPLOYMENT 1981 2/ **

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL WAGE AND SALARY	1,019.3	1,018.8	1,007.0	1,019.8	1,021.7	1,028.5	1,039.6	1,016.9	1,018.3	1,031.8	1,023.0	1,008.9	995.2
Wage & Salary Empl. Index (1972=100)	131.7	134.7	132.6	133.3	132.7	133.0	132.4	131.8	131.3	130.9	130.1	129.0	127.9
MANUFACTURING, TOTAL	203.3	203.1	194.6	200.6	201.7	203.2	206.2	210.9	212.7	213.1	204.9	196.6	190.9
Durable Goods	148.5	151.5	143.6	150.1	150.6	151.5	151.9	152.7	152.9	151.9	145.3	140.0	137.5
Lumber & Wood Products	63.8	65.1	65.0	63.9	64.3	65.7	67.1	68.4	67.8	65.8	60.8	56.7	54.8
Logging & Sawmills	33.0	32.8	33.0	32.4	32.4	33.5	34.7	36.5	36.0	34.6	32.2	29.5	27.9
Veneer & Plywood	19.0	20.3	19.9	19.3	20.0	20.1	20.3	19.8	19.4	18.8	17.1	16.4	16.5
Millwork & Structural Wood	6.2	6.6	6.4	6.5	6.1	6.2	6.3	6.3	6.4	6.4	6.0	5.6	5.4
Mobile Homes	1.9	1.7	2.0	2.0	2.1	2.1	2.0	1.9	2.1	2.1	1.9	1.7	1.6
Other Wood Products	3.7	3.7	3.7	3.7	3.7	3.8	3.8	3.9	3.9	3.9	3.6	3.5	3.4
Furniture & Fixtures	2.5	2.4	2.5	2.5	2.6	2.6	2.6	2.4	2.4	2.5	2.5	2.4	2.3
Stone, Clay, Glass & Concrete Prod.	3.9	3.7	3.7	3.8	3.9	3.9	4.0	4.0	4.2	4.2	4.1	3.8	3.7
Primary Metals	10.2	10.6	10.6	10.5	10.3	10.4	10.2	10.0	10.1	10.1	9.9	9.6	9.4
Blast Furnaces, Iron & Steel Found.	5.8	6.2	6.2	6.1	5.9	6.0	5.8	5.7	5.6	5.6	5.5	5.4	5.3
Nonferrous Metals	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.3	4.5	4.5	4.4	4.2	4.1
Fabricated Metals	11.2	11.4	10.9	11.0	10.9	10.8	10.8	11.1	11.4	11.5	11.4	11.1	10.9
Fabricated Structural Metals	4.4	4.5	4.4	4.4	4.3	4.2	4.2	4.3	4.4	4.4	4.4	4.4	4.3
Other Fabricated Metals	6.8	6.9	6.5	6.6	6.6	6.6	6.6	6.8	7.0	7.1	7.0	6.7	6.6
Machinery	18.0	17.5	17.5	17.6	17.7	17.8	18.2	18.7	18.6	18.5	18.1	17.9	17.7
Electrical Equipment & Supplies	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.1	10.3	10.2	9.5	9.6	10.3
Transportation Equipment	9.0	9.7	9.8	9.9	10.1	9.8	8.1	7.5	7.7	8.8	9.0	8.8	8.2
Instruments & Related Products	17.4	18.8	11.4	18.6	18.4	18.1	18.4	17.9	17.8	17.7	17.4	17.3	17.3
Miscellaneous Manufacturing	2.5	2.3	2.2	2.3	2.4	2.4	2.5	2.6	2.6	2.6	2.6	2.8	2.9
Nondurable Goods	54.8	51.6	51.0	50.5	51.1	51.7	54.3	58.2	59.8	61.2	59.6	56.6	53.4
Food & Kindred Products	24.1	21.2	21.1	20.3	20.6	20.9	23.1	26.9	28.4	29.9	28.7	25.7	22.6
Canning and Preserving	13.6	11.0	11.0	10.4	10.7	10.8	12.7	16.3	17.6	19.1	17.5	14.6	11.8
Other Food Products	10.5	10.2	10.1	9.9	9.9	10.1	10.4	10.6	10.8	10.8	11.2	11.1	10.8
Textile Mill Products	1.8	1.9	1.8	1.7	1.8	1.8	1.8	1.8	1.9	1.9	1.9	1.9	1.9
Apparel	2.8	2.7	2.7	2.8	2.8	2.9	2.9	2.9	2.9	2.9	2.9	2.8	2.9
Paper & Allied Products	10.3	10.2	10.1	10.1	10.2	10.3	10.6	10.7	10.6	10.5	10.2	10.3	10.3
Printing & Publishing	10.3	10.1	10.0	10.1	10.2	10.2	10.3	10.3	10.4	10.4	10.4	10.4	10.3
Chemicals & Allied Products	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2
Petroleum Refining	0.5	.6	.5	.6	.6	.5	.5	.5	.5	.5	.5	.5	.5
Rubber & Plastic Products	2.5	2.4	2.3	2.4	2.4	2.5	2.5	2.5	2.5	2.6	2.5	2.5	2.4
Leather Products	0.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3	.3

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
NONMANUFACTURING, TOTAL	816.0	815.7	812.4	819.2	820.0	825.3	833.4	806.0	805.6	818.7	818.1	812.3	804.3
Mining & Quarrying	2.2	1.8	1.8	2.0	2.0	2.1	2.2	2.5	2.6	2.5	2.5	2.2	1.9
Construction	37.6	38.6	36.7	37.2	36.4	37.7	38.9	40.5	39.6	39.2	37.4	35.2	33.2
Transp., Comm. & Utilities	59.7	59.5	59.0	58.9	59.1	59.2	60.3	60.0	60.1	60.7	60.1	59.8	59.2
Transportation	34.4	34.4	33.9	33.9	34.0	34.1	35.0	34.6	34.6	35.1	34.7	34.4	33.8
Railroad	6.9	7.1	7.0	7.0	7.1	7.1	7.1	7.1	7.0	6.9	6.7	6.6	6.5
Trucking & Warehousing	17.0	16.7	16.5	16.4	16.3	16.5	17.3	17.3	17.4	17.5	17.5	17.4	16.9
Other Transportation	10.5	10.6	10.4	10.5	10.6	10.5	10.6	10.2	10.2	10.7	10.5	10.4	10.4
Communications	16.2	16.1	16.1	15.9	16.1	16.1	16.1	16.1	16.2	16.4	16.3	16.3	16.3
Utilities	9.1	9.0	9.0	9.1	9.0	9.0	9.2	9.3	9.3	9.2	9.1	9.1	9.1
Trade	253.7	253.5	247.0	250.1	252.3	254.1	256.4	255.3	256.9	258.9	254.9	252.9	252.2
Wholesale Trade	67.1	66.7	66.2	66.5	66.2	66.5	67.1	67.4	68.1	69.3	68.5	67.2	66.0
Durable Goods	40.8	41.2	41.1	41.2	41.1	41.3	41.6	41.4	41.2	40.9	40.4	39.4	38.8
Nondurable Goods	26.3	25.5	25.1	25.3	25.1	25.2	25.5	26.0	26.9	28.4	28.1	27.8	27.2
Retail Trade	186.6	186.8	180.8	183.6	186.1	187.6	189.3	187.9	188.8	189.6	186.4	185.7	186.2
General Merchandise	24.8	25.6	24.5	24.4	24.4	24.4	24.4	24.6	24.8	24.7	24.4	25.0	26.7
Food Stores	26.8	26.0	25.9	26.1	26.3	26.5	26.9	27.4	27.7	28.0	27.2	27.2	26.7
Auto Dealers & Services Stations	22.9	22.7	22.4	22.6	23.1	23.1	23.4	23.4	23.4	23.2	23.0	22.2	21.8
Other Retail Trade	112.1	112.5	108.0	110.5	112.3	113.6	114.6	112.5	112.9	113.7	111.8	111.3	111.0
Finance Ins. & Real Estate	68.4	68.5	68.6	69.0	68.7	69.0	69.4	69.5	69.2	68.7	67.2	66.1	65.9
Banking & Credit Agencies	25.3	25.2	25.2	25.3	25.3	25.3	25.2	25.4	25.4	25.3	25.3	25.1	25.1
Other Finance Ins. & Real Estate	43.1	43.3	43.4	43.7	43.4	43.7	44.2	44.1	43.8	43.4	41.9	41.0	40.8
Services	192.2	189.4	191.7	193.6	193.8	193.3	194.3	193.6	192.9	193.8	191.6	189.8	189.4
Hotels & Personal Services	24.5	23.8	24.0	24.4	24.8	24.4	25.1	25.1	25.5	25.2	24.3	24.0	23.8
Health Services	64.3	63.0	63.4	63.6	63.7	64.0	64.3	65.1	65.3	65.6	65.0	64.4	64.6
Other Services	103.4	102.6	104.3	105.6	105.3	104.9	104.9	103.4	102.1	103.0	102.3	101.4	101.0
Government	202.2	204.4	207.6	208.4	207.7	209.9	211.9	184.6	184.3	194.9	204.4	206.3	202.5
Federal	29.9	28.4	28.1	28.2	28.8	29.6	30.3	31.7	31.6	30.7	30.1	30.4	30.7
State Government	53.2	54.5	55.2	55.7	54.8	54.6	56.9	50.2	50.5	49.4	53.0	52.6	51.0
Education	22.5	23.5	24.0	24.1	23.6	23.5	24.0	19.4	19.2	19.0	23.1	23.4	22.7
Other State	30.7	31.0	31.2	31.6	31.2	31.1	32.9	30.8	31.3	30.4	29.9	29.2	28.3
Local Government	119.1	121.5	124.3	124.5	124.1	125.7	124.7	102.7	102.2	114.8	121.3	123.3	120.8
Education	72.7	75.4	78.2	78.3	77.5	79.0	76.8	55.0	54.3	68.0	75.8	77.8	76.6
Other Local	46.4	46.1	46.1	46.2	46.6	46.7	47.9	47.7	47.9	46.8	45.5	45.5	44.2
LABOR-MANAGEMENT DISPUTES	.3	.1	.6	.5	.3	.2	.3	.3	.5	.5	.1	.1	.1

** Data are in thousands

1/ Includes employed and unemployed individuals 16 years and older by place of residence. Data are adjusted for multiple job-holding and commuting. Includes nonagriculture wage and salary, self-employed, unpaid family workers, domestics, agriculture and labor disputants.

2/ This nonagricultural wage and salary employment series is based on the 1972 Standard Industrial Classification (SIC) manual as amended by the 1977 supplement. The data are by place of work and persons working multiple jobs are counted more than once. Workers involved in labor-management disputes are excluded from the wage and salary employment totals.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
May 1982

APRIL TRENDS

Wage & Salary Index...126.1 down from 126.9 in Mar.
Unemployment Rate.....11.8% down from 12.3% in Mar.
Seasonally Adjusted Rate......................11.3%
U.S. Seasonally Adjusted Rate..................9.4%

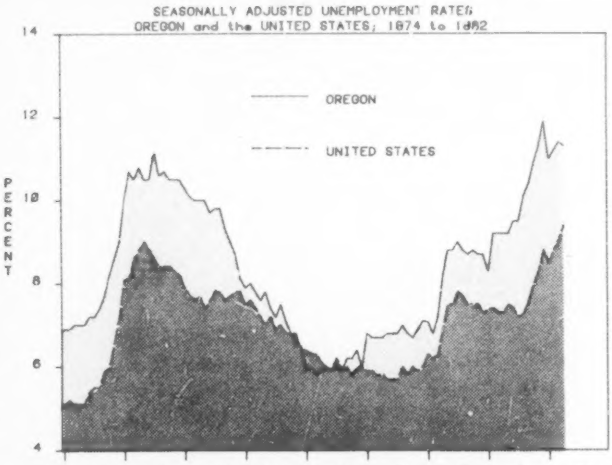
RECOVERY TIMETABLE SLIPPING?

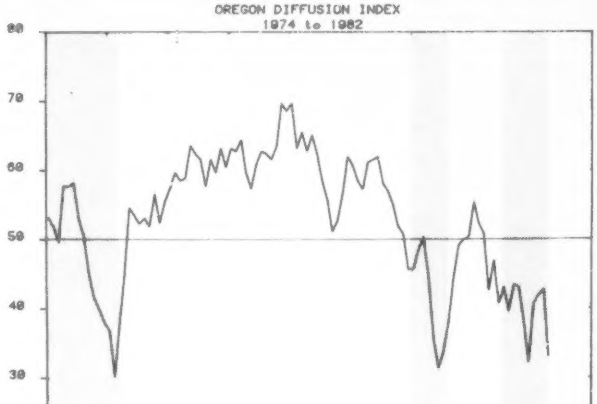
Oregon's economy continues to struggle amidst new signs that the business recovery hasn't yet arrived, and in fact may be pushed back further to the end of 1982 rather than this spring or summer.

This discouraging prospect was contained in a new, though preliminary economic report prepared recently by the State Executive Department. Lagging employment, high interest rates, big federal budget deficits, depressed housing starts and other related economic woes spell further trouble for Oregon according to the report. For one thing a delay in the business recovery would result in yet another state budget deficit perhaps approaching $100 million. A deficit this high would require a special session of the legislature this summer and additional cutbacks in state services at a time when the need for many of these services, particularly in human resources, is expanding rapidly due to the length and severity of Oregon's recession.

The Employment Division's newest economic indicator, the Oregon diffusion index, supports the Executive Department's initial forecast of a later than expected recovery. As explained in last November's issue of Oregon Labor Trends, the diffusion index is a composite measure of employment changes in 43 industrial categories covering nearly all workers on nonagricultural payrolls in Oregon. It simply shows the percent of industries in which seasonally adjusted employment increased. As can be seen from the accompanying graph, the index dropped sharply in April to one of the lowest levels (about 33%) since early 1975. Furthermore, it has been below 50% (more industries contracting than expanding) for about one full year. Since the diffusion index tends to lead general changes in Oregon's economy by an average of four to six months, April's sharp drop does lend some credence to the prospect that our recovery may not arrive until late 1982 as the new Executive Department computer forecast suggests.

Two other labor market-related indicators, the unemployment rate and nonfarm employment index, also declined in April. This was good news on the one hand but bad news on the other. Oregon's seasonally adjusted unemployment rate dropped slightly by two tenths of a point to 11.3% in April. The number of Oregon residents out of work declined by 6,900, but that still left over 154,000 others combing the help wanted ads.





While Oregon's jobless rate improved a bit in April, this was not true nationally. The U.S. unemployment rate jumped four tenths of a point to 9.4% in April, the highest in 40 years! In addition, record high jobless rates were set nationally for adult men, blue-collar workers, blacks and teenagers last month. Unfortunately a number of economists expect the U.S. jobless rate to rise further in the months ahead.

Oregon's nonfarm payroll employment index, the best overall measure of job performance, continued to nosedive in April falling to 126.1 from 126.9 in March and 132.7 one year ago. This index is now at its lowest point in over four years! Wage and salary employment actually fell by 600 last month instead of increasing by 5,000-6,000 which would have represented a more normal March to April trend.

Continued weak markets for Oregon manufactured goods resulted in the loss of 700 jobs in April. Food products led the list of manufacturing industries reporting job declines (-600) last month as excess food stocks and sluggish demand took their toll. Durable goods manufacturing industries, excluding lumber and wood products, collectively accounted for another 600 job decline, which translated into a 1,000 job loss after seasonal adjustment. These reductions came in several industry categories, but were led by primary and fabricated metals and instruments and related products. These industries manufacture capital goods and/or business equipment rather than consumer-oriented products. Their employment outlooks reflect the strong efforts by many firms to control costs while sales are depressed. With excess manufacturing capacity currently so large in many industries and still no recovery assured, it may be well into 1983 or even beyond before the market for capital goods begins to improve significantly. The business turnaround when it comes, will be led by consumer spending, and it will take time before this demand stimulus works its way through Oregon's economy to capital goods manufacturers.

In lumber and wood products the situation was a little brighter in April, but not much. Employment did rise modestly by 600 mainly in the millwork and structural wood sector. But lumber and wood products now employs 8,100 fewer workers than one year ago, 10,100 fewer than two years ago, and a whopping 23,300 less than in April, 1979. Furthermore, market conditions remain depressed and uncertain, and this has resulted in a number of new layoffs and mill closures since the mid-April survey week.

The latest report on U.S. housing starts gives little reason for optimism. April housing starts plunged 6.4% to an annual rate of 881,000 units. Housing activity now has been below even the meager one million unit annual rate for a record nine months. Probably the best hope in the short run is some type of mortgage interest rate subsidy program such as those currently being considered by Congress. An article appearing elsewhere in this issue entitled "Housing Bills Update" gives a status report on these efforts in both the House and Senate.

Meanwhile the latest surveys by the Western Wood Products Association and American Plywood Association (APA) indicate that for the week ending May 8, over half of Oregon's 210 sawmills were either closed (21%) or curtailed (31%), and nearly three-fourths of Oregon's 73 plywood mills were closed (44%) or curtailed (27%). According to the APA, roughly 35% of the state's plywood work force has been laid off.

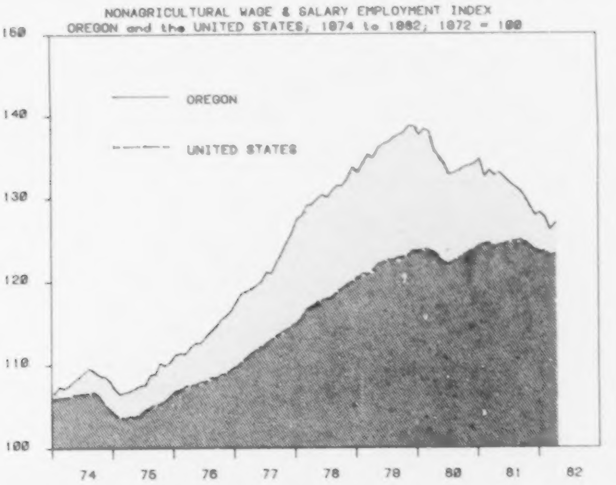
In nonmanufacturing, the recession's deep bite was also evident as employment rose by only 100 between March and April. This was the worst performance of the last 10 years except for 1980 when nonmanufacturing jobs declined by 900 in response to a severe credit tightening by the Federal Reserve. Even at the low point of the 1975 recession, nonmanufacturing industries added 8,900 more workers in April. The table below provides some historical perspective on the April employment trend in nonmanufacturing:

	Employment Change March to April
1972	+ 5,600
1973	+ 5,100
1974	+10,300
1975	+ 8,900
1976	+14,600
1977	+15,100
1978	+12,700
1979	+ 6,600
1980	- 900
1981	+ 800
Average Yearly Change	+ 7,900
1982	+ 100

The construction industry has been hurt perhaps more than any other in the last couple of years by persistently high interest rates and other factors. This industry and its workers were battered again in April as employment sank another 1,200 persons. In both 1980 and 1981, employment in the building trades dropped by 800-900 in April. In the eight years prior to 1980 however, construction employment rose consistently in April by an average of 2,200 workers as the industry geared up for the coming summer months. Although weather conditions this year were cold and wet during the mid-April survey week, this alone cannot account for the steep drop in construction employment last month. Most of April's drop came in structural steel with smaller layoffs in heavy construction and plumbing and heating. The only pick-up in hiring during April was related to remodeling and repair activity.

Job trends were also weaker than seasonally expected in most other nonmanufacturing categories in April. Government employment slipped by 1,100 due to reductions in part-time student workers in state and local education. Declines also came in medical services due to recession reduced patient loads, banking and credit agencies, wholesale distribution of durable goods, and retail food stores. About the only nonfarm sector which showed a strong hiring trend in April was eating and drinking establishments in retail trade, where employment rose by 2,300. Agriculture was the only other economic sector which reported as large an increase as this, as field preparation activity intensified generating many seasonal farm job opportunities.

In summary, labor trends in Oregon are still primarily negative. The nation's economic condition, although better than Oregon's also weak and apparently getting weaker. The recent collapse of budget compromise talks between the White House and the House leadership does nothing to instill optimism or even public confidence that record federal deficits projected for the years ahead will be substantially lowered thereby taking much of the pressure off monetary policy. Inflation to be sure has simmered down, but unless interest rates also drop significantly and consumers begin to spend confidently again, the economic recovery of 1982 will more closely resemble the Cheshire Cat in Alice In Wonderland - now you see it...... now you don't!



OREGON SEASONALLY ADJUSTED UNEMPLOYMENT RATES

Last month's issue of Labor Trends contained annual labor force tables for Oregon giving revised employment and unemployment data by month for 1980 and 1981. Seasonally adjusted unemployment rates are now available for these months and are shown below:

	1982	1981	1980
January	11.0%	8.3%	7.1%
February	11.2	9.2	6.8
March	11.5	9.2	7.2
April	11.3 (prelim)	9.2	8.2
May		9.3	8.8
June		9.5	8.8
July		9.5	9.0
August		10.1	8.8
September		10.4	8.7
October		10.9	8.8
November		11.3	8.7
December		11.9	8.7
Annual Average		9.9	8.3

Revised annual labor force tables for both 1980 and 1981 are now available for the state and its 32 local labor market areas. These can be obtained by contacting the Employment Division, Research and Statistics Section, 875 Union St., N.E., Salem, 97311 or by calling toll free 1-800-452-7813, extension 8-8657.

HOUSING BILLS UPDATE

A mortgage subsidy bill, designed as a stimulus to the nation's depressed housing industry, will reach the Senate floor soon with impressive momentum.

The House, responding to enthusiastic support by the construction, lumber and thrift (home financing) industries, has already authorized and appropriated money for a mortgage subsidy program by overwhelming margins. The Senate Banking and Appropriations Committees have approved a Senate version of the Legislation. April's 10% drop in single family housing starts makes a stimulus to the industry seem all the more important.

The greatest stumbling block to passage of the Senate Legislation is the Administration's opposition to the concept of mortgage subsidies.

The House's Housing Production Bill, championed by Representatives AuCoin (D. Oregon) and Patterson (D. California), calls for a subsidy of four to six points for new home mortgages over a period of five to seven years. Home buyers' eligibility would depend on income. Appropriations of $5 billion over the next five years have been approved for the program.

The Senate Bill, in its present form, would provide for a four-point subsidy the first year, dropping three/fourths of a point each successive year. The Senate has set more lenient income ceilings and added a provision that the home buyer must eventually pay back the 'loaned' subsidy. In the event that the full Senate acts favorably, these differences will have to be worked out in a Joint Congressional Committee.

A housing program similar to the House's mortgage subsidy bill would bolster housing starts within a year of enactment. This would be a first step on the road to revival, not only for the construction industry, but also for the lumber and thrift industries.

POPULATION AND HOUSING TRENDS
1950 - 1980

This report is the latest in a series prepared and published by the Bureau of Governmental Research and Service at the University of Oregon. Selected information for Oregon's cities of 2,500 or more and counties is compiled for easy reference. Its 125 pages contain 35 tables of population, household, and housing unit characteristics from 1950 through 1980. For your copy send $8.00 to:

Karen Seidel
Bureau of Governmental Research
University of Oregon
Eugene OR 97403

RESIDENT OREGON LABOR FORCE

	1/ Apr. 1982	2/ Mar. 1982	Change	% Change	5/ Apr. 1981
Civilian Labor Force 3/	1,310,700	1,311,300	- 600	+0.0	1,327,100
Unemployment	154,100	161,000	-6,900	-4.3	129,800
Percent of Labor Force	11.8	12.3	xxx	xxx	9.8
Seasonally Adjusted Percent	11.3	11.5	xxx	xxx	9.2
Total Employment 4/	1,156,600	1,150,300	+6,300	+0.5	1,197,300

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Apr. 1982	Mar. 1982	Apr. 1981	Mar. 1982	Apr. 1981
TOTAL 1/	970,700	971,300	1,021,700	-600	-51,000
Wage & Salary Employment Index (Seasonally Adjusted)	126.1	126.9	132.7	xxx	xxx
Total Manufacturing	185,600	186,300	201,700	-700	-16,100
Durable Goods	135,500	135,500	150,600	0	-15,100
Lumber & Wood Products	56,200	55,600	64,300	600	- 8,100
Logging & Sawmills	28,200	28,100	32,400	100	- 4,200
Veneer & Plywood	17,400	17,500	20,000	-100	- 2,600
Millwork & Structural Wood	5,600	5,100	6,100	500	- 500
Mobile Homes	1,600	1,500	2,100	100	- 500
Other Wood Products	3,400	3,400	3,700	0	- 300
Furniture & Fixtures	2,000	2,000	2,600	0	- 600
Stone, Clay, Glass, & Concrete	3,600	3,600	3,900	0	- 300
Primary Metals	8,800	9,100	10,300	-300	- 1,500
Blast Furnaces, Iron & Steel	4,900	5,200	5,900	-300	- 1,000
Nonferrous Metals	3,900	3,900	4,400	0	- 500
Fabricated Metals	10,100	10,300	10,900	-200	- 800
Fabricated Structural Metals	3,900	4,000	4,300	-100	- 400
Other Fabricated Metals	6,200	6,300	6,600	-100	- 400
Machinery	17,200	17,000	17,700	200	- 500
Electrical Equipment & Supplies	10,200	10,200	10,000	0	200
Transportation Equipment	7,800	7,900	10,100	-100	- 2,300
Instruments & Related Products	17,000	17,200	18,400	-200	- 1,400
Miscellaneous Manufacturing	2,600	2,600	2,400	0	200
Nondurable Goods	50,100	50,800	51,100	-700	- 1,000
Food & Kindred Products	19,700	20,300	20,600	-600	- 900
Canning & Preserving	9,900	10,200	10,700	-300	- 800
Other Food Products	9,800	10,100	9,900	-300	- 100
Textile Mill Products	1,900	1,900	1,800	0	100
Apparel	2,900	2,900	2,800	0	100
Paper & Allied Products	9,900	10,000	10,200	-100	- 300
Printing & Publishing	10,300	10,400	10,200	-100	100
Chemicals & Allied Products	2,200	2,200	2,200	0	0
Petroleum Refining	400	400	600	0	- 200
Rubber & Plastic Products	2,500	2,400	2,400	100	100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Apr. 1982	Mar. 1982	Apr. 1981	Change From Mar. 1982	 Apr. 1981
(cont.)					
Total Nonmanufacturing	785,100	785,000	820,000	100	-34,900
Mining & Quarrying	1,900	1,800	2,000	100	- 100
Construction	28,800	30,000	36,400	-1,200	- 7,600
Transportation, Communications, & Utilities	56,700	56,800	59,100	- 100	- 2,400
Transportation	31,800	31,800	34,000	0	- 2,200
Railroad	6,300	6,200	7,100	100	- 800
Trucking & Warehousing	15,600	15,800	16,300	- 200	- 700
Other Transportation	9,900	9,800	10,600	100	- 700
Communications	15,800	15,900	16,100	- 100	- 300
Utilities	9,100	9,100	9,000	0	100
Trade	242,300	240,000	252,300	2,300	-10,000
Wholesale Trade	63,400	63,600	66,200	- 200	- 2,800
Durable Goods	37,100	37,700	41,100	- 600	- 4,000
Nondurable Goods	26,300	25,900	25,100	400	1,200
Retail Trade	178,900	176,400	136,100	2,500	- 7,200
General Merchandise	23,100	22,900	24,400	200	- 1,300
Food Stores	25,400	25,700	26,300	- 300	- 900
Auto Dealers & Service Stations	22,100	21,800	23,100	300	- 1,000
Other Retail Trade	108,300	106,000	112,300	2,300	- 4,000
Finance, Insurance, & Real Estate	64,800	64,800	68,700	0	- 3,900
Banking & Credit Agencies	24,100	24,400	25,300	- 300	- 1,200
Other Finance, Insurance, & Real Estate	40,700	40,400	43,400	300	- 2,700
Services	187,500	187,400	193,800	100	- 6,300
Hotels & Personal Services	23,400	23,100	24,800	300	- 1,400
Health Services	63,600	64,000	63,700	- 400	- 100
Other Services	100,500	100,300	105,300	200	- 4,800
Government	203,100	204,200	207,700	-1,100	- 4,600
Federal Government	29,700	29,700	28,800	0	900
State Government	52,500	52,900	54,800	- 400	- 2,300
Education	22,600	23,100	23,600	- 500	- 1,000
Other State	29,900	29,800	31,200	100	- 1,300
Local Government	120,900	121,600	124,100	- 700	- 3,200
Education	76,500	77,200	77,500	- 700	- 1,000
Other Local	44,400	44,400	46,600	0	- 2,200
Labor-Management Disputes	100	0	300	100	- 200

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* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

OREGON'S MIGRATION TURNS AROUND

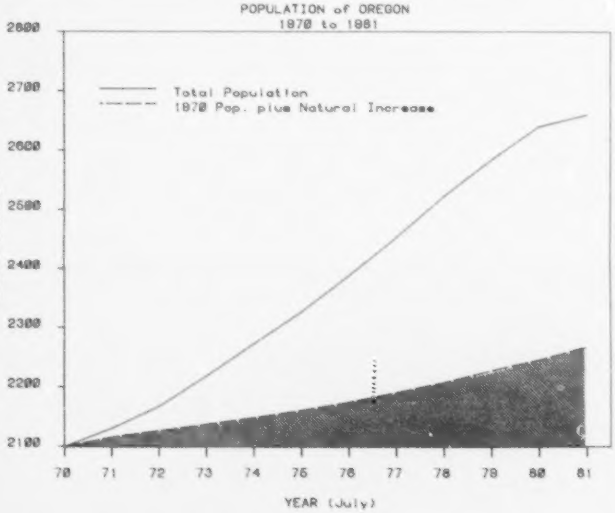
Oregon's population grew at an annual rate of eight persons per thousand from July 1980 to July 1981, after having increased at annual rates above 20 per thousand throughout the 1970's.

The Oregon Center for Population Research and Census separates the change in population into two components: natural increase and net migration. Natural Increase, the more stable component, is defined as births minus deaths. The annual rate of natural increase has varied in recent years between five and nine persons per thousand, and is rising gently as the Baby Boom generation enjoys its prime child bearing years.

Net Migration, the more volatile component, is defined as the number of persons who move in - that is, change their places of residence to Oregon - minus the number who move out. The annual rate of net migration rose from 7 to 20 persons per thousand in the early 1970's, fell only slightly during the mid-1970's recession, and peaked at 22 persons per thousand in 1978.

The rate of net migration began to fall as the state's economy cooled, but at mid-year 1980 it was still robust, at 15 persons per thousand.

In late 1980 the influx of people slowed with unexpected suddenness. By the middle of 1981 more people were leaving Oregon than coming here to live. Currently Oregon is experiencing a net out-migration for the first time in her written history.



People who have immigrated to Oregon since 1970 make up a considerable proportion of the state's population. The shaded area of the graph entitled "Population of Oregon" illustrates what the population would be if there had been no net migration to Oregon during the '70s. The upper wedge represents the count of net migrants. Nearly three fourths of Oregon's population gain during the '70s was due to the net in-migration of 395 thousand people.

Lack of jobs is no doubt the main reason for the net outward flow of families. Oregon has been in a long period without prosperity - since late in 1979 - and people's hopes for quick or full recovery have steadily diminished. Meanwhile job opportunities have improved - at least in comparison with Oregon - in some other western states.

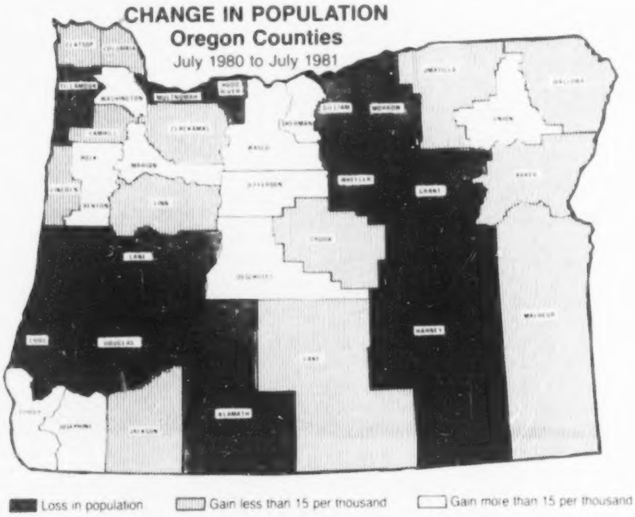
Oregon's population rose from 2.64 million to 2.66 million from July 1980 to July 1981. This increase of eight persons per thousand was roughly equivalent to the rate of natural increase. There was a net out-migration of a little less than one person in two thousand.

The list of counties shows that one county in three lost population during that year. Almost all the counties' population fell more rapidly or rose less rapidly in '80-'81 than it had in the previous decade.

POPULATION CHANGE
Per Thousand Residents

	'80-'81	'70-'80 Annual Average
Oregon	+ 8	+26
Wheeler	-50	-20
Harney	-28	+14
Gilliam	-12	-13
Douglas	-12	+27
Coos	- 9	+13
Klamath	- 6	+17
Grant	- 6	+16
Hood River	- 5	+18
Morrow	- 3	+53
Tillamook	- 2	+16
Multnomah	- 2	+ 1
Lane	- 1	+25
Clatsop	+ 3	+13
Wallowa	+ 3	+15
Lincoln	+ 6	+32
Lake	+ 7	+17
Jackson	+ 7	+34
Crook	+ 8	+27
Baker	+ 8	+ 8
Linn	+ 8	+22
Malheur	+ 9	+15
Columbia	+10	+22
Yamhill	+13	+32
Clackamas	+13	+38
Umatilla	+14	+27
Sherman	+16	+ 1
Union	+17	+21
Curry	+18	+27
Marion	+18	+31
Deschutes	+18	+74
Benton	+20	+24
Jefferson	+21	+31
Wasco	+23	+ 8
Polk	+24	+25
Washington	+24	+45
Josephine	+30	+51

The Oregon map illustrates the diversity in population change among counties. Population losses or small gains are mostly attributable to failing job markets.


CHANGE IN POPULATION
Oregon Counties
July 1980 to July 1981

Wheeler County had by far the State's highest unemployment rate in 1979. As a result, its rapid out-migration started early. The following year, huge layoffs in Harney County's lumber industry gave it the State's highest unemployment rates in 1980 and '81. Wheeler lost 50 and Harney lost 28 people per thousand from July 1980 to July 1981, as the table shows.

Gilliam County is similar to adjacent Wheeler County in that it lost considerable population during the '70s. In contrast, it has had the State's lowest rates of unemployment over the past three years. Gilliam County is unique in Oregon in that it has no lumber industry. Its recent population loss merely continues the trend that has existed for a decade.

Many of our most important timber and lumber producing counties such as Douglas, Coos, Lane and Klamath have been losing population. Klamath also lost an air base in 1980.

Morrow County, the state's second fastest growing county in the '70s, lost population during '80-'81, largely due to the completion of construction on its coal-fired electrical generation plant. The fact that these lay-offs were scheduled far in advance probably explains the county's low subsequent rates of unemployment.

Urban Multnomah County, by the ecology-conscious standards of the '70s and '80s, has reached its maximum potential for population density. Portland City lost population during the '70s, as the county as a whole gained only one person per thousand. Its '80-'81 annual loss of two persons per thousand is probably a continuation of a trend that already existed in the late '70s.

Clatsop and Wallowa Counties, at each end of the state, experienced net out-migration from mid-1980 to mid-1981, even though the effects of natural increase gave them net small gains in population. Lake, Jackson, Crook, Linn and Malheur Counties held approximately steady in net migration. Lincoln and Baker Counties, whose relatively older populations have had the state's highest death rates, experienced measurable net in-migration, as did the lower 15 counties on the table.

The metropolitan area with its diverse job opportunities has not entirely ceased to expand during the recession. Columbia and Yamhill Counties which are adjacent to the Portland Metro area, Clackamas County and particularly Washington County have continued to grow, but at a subdued rate. Increasingly urban Marion and Benton Counties continue to be among the leaders in population growth.

Population growth scarcely slowed for Marion County's neighbor Polk County, and there was no dramatic slowing in Union and Jefferson Counties.

Sherman and Wasco Counties offer a contrast to the state trend. After very slow growth throughout the '70s - and net out-migration from Sherman County - mid-1980 to mid-1981 saw robust population growth in both counties.

Among the counties receiving considerable net immigration in 1980-81, only three have had very high unemployment rates in recent years. Deschutes County's population doubled during the 70's. It's population growth remained fairly high at 18 per thousand after a dramatic drop from 74 per thousand. Curry and especially Josephine Counties offer an enigma to the demographer. Something in these counties' environments continues to inspire many to stay and others to move there in spite of the economic hardships indicated by their very high unemployment rates.

OUTLOOK FOR THE 80's

The decennial census, conducted in April, 1980, happened to occur at a time when Oregon's migration trend was just on the verge of a dramatic reversal. The outlook for the '80s has changed radically as a result of the unprecedented and unexpected out-migration that has occurred since mid-year 1980.

The Center for Population Research and Census at Portland State University prepares population estimates for July of each year between censuses. The July 1982 population estimate is expected to reflect a net out-migration of at least three persons per thousand statewide. Most of the outflow will continue in the timber areas, while net influx will be moderate in the metropolitan centers.

While net migration will likely be near zero from 1982 until about 1985, natural increase will continue at its present level. After 1985, assuming Oregon's economy has found its way back to normalcy, net in-migration is likely to return, to about 8 to 10 persons per thousand. This is about half the rate that prevailed during the 1970s. The total rate of population gain, including natural increase, is expected to be about five persons per thousand in the early 80's and increase to about 15 to 18 per thousand near 1990.

MIGRATION OF UNEMPLOYMENT INSURANCE CLAIMANTS

Current interest in migration has prompted the compilation of Unemployment Insurance (UI) claimant data by place of residence and occupation.

As Table 1 indicates, the number of Oregonians leaving Oregon and filing unemployment claims in other states has increased steadily since 1978. The number of claimants coming to Oregon from other states has remained much more constant. During the fourth quarter of 1981 the number of individuals leaving Oregon and filing for unemployment insurance exceeded the number of those entering the state for the first time since 1957. This trend has continued through the first quarter of 1982.

TABLE 1

MIGRATION OF UNEMPLOYMENT INSURANCE CLAIMANTS
1978-1982

	Leaving Oregon	Entering Oregon
1978	18,455	32,111
1979	22,604	31,622
1980	30,262	36,026
1981 Total	33,994	34,352
Jan.-Mar.	8,406	8,460
Apr.-June	7,094	7,383
July-Sept.	8,476	8,728
Oct.-Dec.	10,018	9,781
1982		
Jan.-Mar.	9,400	7,583

The current recession alone cannot explain this reversal. During the 1974-75 recession the number entering Oregon maintained nearly a two to one margin over those leaving. However, the 1974-75 downturn was not as lengthy and was not accompanied by a crippled home construction industry which lessened demand for Oregon's lumber and wood products.

In contrast to 1974-75, when claimants could expect their jobs back as soon as economic recovery began, no such assurances now exist. As long as interest rates remain high, Oregon's economy will not fully recover. Pessimism about the future of Oregon's interest-sensitive economy may be one reason 1 out of 19 claimants have moved elsewhere during the first three months of this year.

TABLE 2

NEW RESIDENCE OF U.I. CLAIMANTS
Leaving Oregon (percent)
January-March, 1982

California	36.3
Washington	23.2
Idaho	6.6
Arizona	3.9
Texas	3.3
Alaska	2.7
Colorado	2.6
Nevada	2.3
Montana	2.2
Utah	1.3
All Other	15.6

However, as Table 2 shows, Oregon claimants are not going very far in search of a better future. Over 68% moved to a state bordering Oregon. California leads the list with over one-third of the total. Nearly one-fourth moved to Washington despite the fact that Washington's economy was in no better shape than Oregon's. Other influencing factors besides proximity include previous residence, relatives or friends, climate, recreational opportunities - the list is long. These factors appear to outweigh purely economic considerations. For example, only 3.3% of those claimants leaving Oregon moved to Texas and only 1% went to Oklahoma which had the nation's lowest unemployment rate for 1981.

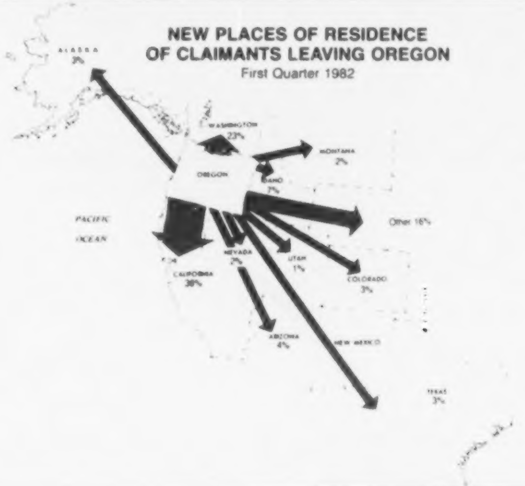


Table 3 displays the occupational distribution of Oregon claimants, leaving and staying. Clerical and sales occupations followed by structural work lead both columns. A greater percentage of those leaving Oregon are in professional, technical, and managerial; clerical and sales; service; farming, fishing, and forestry; and structural work occupations. This is as expected since these occupations are more common to all areas. In contrast, only 7.4% of those claimants leaving were in machine trades compared with 13.9% of those staying. Presumably, these occupational skills, many in the wood products industry, are harder to transplant to other areas. Then too, wood products workers are more used to cyclical unemployment and may not be as likely to leave the state during economic slumps as would other workers.

TABLE 3
OCCUPATIONS OF OREGON U.I. CLAIMANTS
(PERCENT)
January-March, 1982

	Leaving	Staying
Total	100.0%	100.0%
Prof., Tech. & Mgt.	11.7	9.7
Clerical & Sales	19.5	18.1
Service	15.9	10.7
Farming, Fishing, Forestry	6.2	5.2
Processing	3.6	5.1
Machine Trades	7.4	13.9
Benchwork	5.9	6.5
Structural Work	17.6	17.3
Miscellaneous	12.2	13.5

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State of Oregon
EMPLOYMENT DIVISION
Department of Human Resources

Research and Statistics
May 1982

AVERAGE WEEKLY EARNINGS OF OREGON WORKERS IN SELECTED INDUSTRIES, 1981

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL MANUFACTURING 1/	$355.51	341.09	345.33	349.65	352.47	357.58	357.95	357.54	353.03	361.96	360.47	358.30	363.82
Durable Goods, Total	363.59	347.25	351.92	354.74	360.61	366.91	368.60	368.71	368.48	372.00	374.00	367.52	368.89
Lumber & Wood Products	369.37	367.46	364.24	361.19	369.99	381.22	381.11	378.96	372.14	357.41	363.94	357.76	368.14
Logging & Sawmills	393.68	394.75	388.48	378.49	389.64	410.82	410.72	400.37	390.20	377.74	396.03	383.29	394.80
Veneer & Plywood	369.89	377.50	373.01	380.40	383.91	380.78	372.50	380.88	377.94	349.10	349.86	347.81	369.00
Millwork & Structural	284.69	263.08	281.98	270.92	270.62	282.88	302.30	292.84	299.95	300.03	280.10	295.24	287.45
Mobile Homes	258.72	231.73	261.05	256.02	264.83	272.45	275.26	267.68	286.58	265.53	251.52	212.52	231.42
Other Wood Products	354.38	346.33	345.27	346.37	365.31	365.71	357.77	368.16	349.41	361.12	349.09	340.03	350.05
Furniture & Fixtures	222.50	217.00	216.60	235.29	207.55	205.11	219.87	235.84	236.67	232.10	237.80	220.88	202.08
Primary Metals	460.69	448.80	441.69	444.96	449.44	446.16	455.66	465.20	458.64	493.95	477.20	477.82	479.23
Fabricated Metals	343.33	316.72	315.50	329.25	335.63	354.71	344.45	366.70	355.32	345.71	338.76	353.60	372.02
Machinery (Except Electrical)	366.82	341.58	348.94	350.34	364.39	359.87	372.86	370.71	372.07	383.23	380.24	384.38	378.49
Nondurable Goods, Total	328.74	323.51	323.76	333.38	328.34	329.59	326.84	326.84	313.49	335.92	323.69	335.22	352.09
Food & Kindred Products	286.31	287.13	281.88	296.12	286.99	293.56	283.37	280.28	269.78	281.34	284.33	288.81	310.34
Canning & Preserving	235.96	234.95	236.90	247.44	238.90	242.48	229.65	228.66	224.11	234.26	240.47	236.31	254.54
Other Food Products	369.02	352.17	337.24	354.94	355.32	363.86	369.21	390.91	383.73	389.76	373.63	374.57	385.14
Textile Mill Products	189.07	168.08	179.57	181.83	195.14	187.08	189.81	182.00	199.02	197.46	195.33	196.65	201.08
Apparel	172.53	175.20	172.16	173.30	174.54	174.80	175.15	142.85	168.98	173.72	179.05	180.64	184.83
Paper & Allied Products	475.07	440.02	448.13	450.73	464.52	469.83	474.03	504.39	459.95	530.72	483.48	477.93	501.03
Printing & Publishing	351.24	344.88	345.11	368.03	340.62	326.54	334.86	346.37	353.81	372.38	324.90	377.47	377.25
NONMANUFACTURING													
Construction 2/	513.74	487.97	477.90	503.08	501.27	506.89	522.23	543.27	535.50	507.09	546.00	511.27	512.85
Communications & Utilities 3/	397.19	376.91	382.00	377.55	376.49	392.62	406.40	393.22	405.58	412.24	407.15	430.44	412.11
Wholesale & Retail Trade 3/	266.42	252.34	260.88	260.54	261.86	262.20	265.65	271.74	286.58	278.95	272.21	270.75	270.31
Wholesale Trade	349.44	332.38	339.85	339.21	340.66	341.56	349.86	355.97	362.07	358.91	355.50	364.42	356.45
Retail Trade	221.07	208.64	217.13	216.81	218.78	218.11	219.42	225.12	227.47	232.77	226.02	220.16	224.07
Banking & Insurance	222.07	215.88	215.49	215.96	215.34	213.92	220.78	223.79	224.47	228.64	228.55	229.55	233.24
State & Local Government 4/	278.42	267.41	262.52	262.14	264.94	266.95	262.49	291.84	296.55	304.26	290.11	290.44	288.32

AVERAGE WEEKLY HOURS OF OREGON WORKERS IN SELECTED INDUSTRIES, 1981

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL MANUFACTURING 1/	37.7	37.4	37.7	37.8	37.9	38.0	37.6	37.4	37.2	37.2	37.2	36.9	37.2
Durable Goods, Total	37.6	37.5	37.8	37.9	38.2	38.3	38.0	37.7	37.6	37.2	37.4	36.9	37.0
Lumber & Wood Products	36.9	38.0	38.1	37.9	38.5	38.9	37.4	36.9	36.2	34.3	35.3	34.7	35.5
Logging & Sawmills	37.0	38.4	37.9	37.4	38.2	39.2	38.1	36.9	35.7	34.0	36.3	35.1	35.6
Veneer & Plywood	37.1	39.2	39.1	40.0	40.2	39.5	36.2	36.8	36.8	33.6	34.0	33.9	36.0
Millwork & Structural	35.9	34.3	37.2	35.6	35.1	36.5	37.6	35.8	37.4	36.5	34.2	35.4	35.4
Mobile Homes	33.6	32.5	34.9	34.0	35.5	35.2	35.2	34.9	35.6	33.4	32.0	28.0	28.5
Other Wood Products	37.7	38.1	37.9	38.4	40.1	40.1	37.7	39.0	35.8	37.0	36.1	35.2	36.2
Furniture & Fixtures	32.2	32.1	31.9	34.1	31.4	29.9	31.5	33.5	34.3	33.3	32.8	31.6	29.5
Primary Metals	40.2	40.8	40.3	39.8	40.2	39.8	39.9	40.0	39.1	41.3	40.0	40.7	41.1
Fabricated Metals	37.4	37.0	36.9	37.5	37.5	38.1	36.8	38.6	37.8	37.7	36.0	37.3	38.0
Machinery (Except Electrical)	37.7	36.3	37.2	36.8	37.8	37.1	38.4	38.1	38.2	38.4	38.1	38.4	37.4

Nondurable Goods, Total	37.7	37.4	37.3	37.5	37.1	37.2	36.6	36.6	36.2	37.2	36.7	37.0	37.9
Food & Kindred Products	35.7	36.3	36.0	36.2	35.3	35.8	34.6	35.3	34.9	35.3	35.9	35.7	37.3
Canning & Preserving	34.0	34.4	35.2	34.9	33.6	34.2	32.3	32.9	33.3	34.0	34.7	34.1	35.8
Other Food Products	38.4	38.7	37.1	37.8	37.6	38.1	38.3	40.3	38.8	38.4	38.4	38.3	39.3
Textile Mill Products	36.5	32.7	34.8	34.9	37.6	36.9	37.0	34.6	38.2	37.9	38.3	37.6	38.3
Apparel	34.3	34.9	34.5	34.8	34.7	35.1	35.1	28.4	34.0	34.4	34.7	35.7	36.1
Paper & Allied Products	41.6	41.2	41.0	41.2	42.0	41.8	41.4	43.0	40.1	44.9	41.5	40.4	40.9
Printing & Publishing	35.3	36.0	35.8	37.1	34.9	34.3	34.7	35.2	35.1	35.6	32.2	36.4	36.1
NONMANUFACTURING													
Construction 2/	34.0	34.1	32.8	34.6	34.1	34.6	34.2	35.3	35.0	33.1	35.0	32.4	32.5
Communications & Utilities 3/	39.6	39.8	40.0	39.7	39.3	39.9	40.0	39.8	39.3	39.6	39.3	40.8	38.3
Wholesale & Retail Trade 3/	34.6	34.1	34.6	34.6	34.5	34.5	34.5	35.2	35.6	35.0	34.5	34.1	34.7
Wholesale Trade	37.9	37.9	38.1	37.9	37.6	37.7	37.7	38.4	38.6	37.9	37.5	38.0	37.8
Retail Trade	32.8	32.0	32.7	32.8	32.8	32.7	32.7	33.4	33.6	33.3	32.9	32.0	33.0

AVERAGE HOURLY EARNINGS OF OREGON WORKERS IN SELECTED INDUSTRIES, 1981

	Annual Average	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
TOTAL MANUFACTURING 1/	$9.43	9.12	9.16	9.25	9.30	9.41	9.52	9.56	9.49	9.73	9.69	9.71	9.78
Durable Goods, Total	9.67	9.26	9.31	9.36	9.44	9.58	9.70	9.78	9.80	10.00	10.00	9.96	9.97
Lumber & Wood Products	10.01	9.67	9.56	9.53	9.61	9.80	10.19	10.27	10.28	10.42	10.31	10.31	10.37
Logging & Sawmills	10.64	10.28	10.25	10.12	10.20	10.48	10.78	10.85	10.93	11.11	10.91	10.92	11.09
Veneer & Plywood	9.97	9.63	9.54	9.51	9.55	9.64	10.29	10.35	10.27	10.39	10.29	10.26	10.25
Millwork & Structural Wood	7.93	7.67	7.58	7.61	7.71	7.75	8.04	8.18	8.02	8.22	8.19	8.34	8.12
Mobile Homes	7.70	7.13	7.48	7.53	7.46	7.74	7.82	7.67	8.05	7.95	7.86	7.59	8.12
Other Wood Products	9.40	9.09	9.11	9.02	9.11	9.12	9.49	9.44	9.76	9.76	9.67	9.66	9.67
Furniture & Fixtures	6.91	6.76	6.79	6.90	6.61	6.86	6.98	7.04	6.90	6.97	7.25	6.99	6.85
Primary Metals	11.46	11.00	10.96	11.18	11.18	11.21	11.42	11.63	11.73	11.96	11.93	11.74	11.66
Fabricated Metals	9.18	8.56	8.55	8.78	8.95	9.31	9.36	9.50	9.40	9.17	9.41	9.48	9.79
Machinery (Except Electrical)	9.73	9.41	9.38	9.52	9.64	9.70	9.71	9.73	9.7[illegible]	9.98	9.98	10.01	10.12
Nondurable Goods, Total	8.72	8.65	8.68	8.89	8.85	8.86	8.93	8.93	8.66	9.03	8.83	9.06	9.29
Food & Kindred Products	8.02	7.91	7.83	8.18	8.13	8.20	8.19	7.94	7.73	7.97	7.92	8.09	8.32
Canning & Preserving	6.94	6.83	6.73	7.09	7.11	7.09	7.11	6.95	6.73	6.89	6.93	6.93	7.11
Other Food Products	9.61	9.10	9.09	9.39	9.45	9.55	9.64	9.70	9.89	10.15	9.73	9.78	9.80
Textile Mill Products	5.18	5.14	5.16	5.21	5.19	5.07	5.13	5.26	5.21	5.2[illegible]	5.10	5.23	5.25
Apparel	5.03	5.02	4.99	4.98	5.03	4.98	4.99	5.03	4.97	5.05	5.16	5.06	5.12
Paper & Allied Products	11.42	10.68	10.93	10.94	11.06	11.24	11.45	11.73	11.47	11.82	11.65	11.83	12.25
Printing & Publishing	9.95	9.58	9.64	9.92	9.76	9.52	9.65	9.84	10.08	10.46	10.09	10.37	10.45
NONMANUFACTURING													
Construction 2/	15.11	14.31	14.57	14.54	14.70	14.65	15.27	15.39	15.30	15.32	15.60	15.78	15.78
Communications & Utilities 3/	10.03	9.47	9.55	9.51	9.58	9.84	10.16	9.88	10.33	10.41	10.36	10.55	10.76
Wholesale & Retail Trade 3/	7.70	7.40	7.54	7.53	7.59	7.60	7.70	7.72	8.05	7.97	7.89	7.94	7.79
Wholesale Trade	9.22	8.77	8.92	8.95	9.06	9.06	9.28	9.27	9.38	9.47	9.48	9.59	9.43
Retail Trade	6.74	6.52	6.64	6.61	6.67	6.67	6.71	6.74	6.77	6.99	6.87	6.88	6.79

1/ Data for production workers only. Excludes administrative, supervisory, sales, technical and personnel. Premium pay for night shift and overtime work is included.

2/ Data for construction workers only. Excludes executive, professional and office personnel.

3/ Data for nonsupervisory employees only. Excludes officers of corporations and executive personnel. Trade data does not include eating and drinking places.

4/ Data for all employees.

NOTE: Industry classified according to the 1972 Standard Industrial Classification Manual. Data prepared in cooperation with the U. S. Dept. of Labor.

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OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

Prepared by Research and Statistics Section
June 1982

MAY TRENDS

Wage & Salary Index..126.0 down from 126.2 in Apr.
Unemployment Rate.....11.1% down from 11.8% in Apr.
Seasonally Adjusted Rate......................11.1%
U.S. Seasonally Adjusted Rate...................9.5%

RECOVERY – A FALSE START

At first glance the economic statistics for May show some positive signs - the kind of optimistic note we have been searching for to indicate a turnaround in the economy. However, the changes were relatively minor when compared to the economic plight of the state and they could easily be misleading if the reasons for the change are ignored.

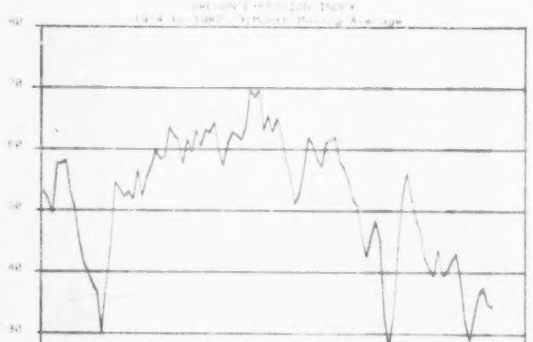
A cursory look at the May figures shows unemployment down and employment up, the correct combination needed to begin shoring up the state's severely ill economy. At 11.1% the seasonally adjusted rate of unemployment dipped .2 from April's 11.3%. The actual number of unemployed moved down 9,200 to a May figure of 145,400.

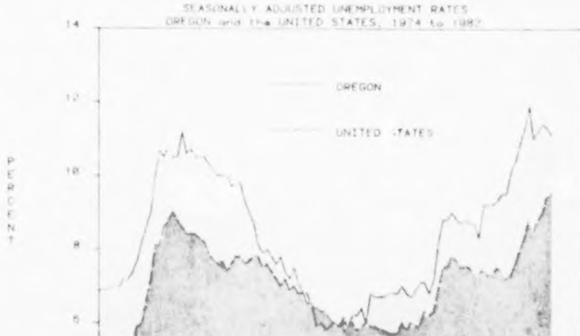
An interesting analytical exercise is to view the monthly employment/unemployment numbers from a "what if" perspective. That is to say, what would the numbers be if normal seasonal trends prevailed between April and May. The numbers would appear approximately as follows:

May 1982

	Normal Seasonal	Actual	Difference
Civilian			
Labor Force	1,321,400	1,314,000	+7,400
Unemployment	149,500	145,400	+4,100
% of Labor Force	11.3	11.1	xxx
Seasonal Adj %	11.3	11.1	xxx
Total Employment	1,171,900	1,168,600	+3,300

Given this scenario the labor force would have been greater than it was, there would have been more unemployed workers, and the rate of unemployment (the unemployed total ÷ the labor force) would have increased, too. The unemployment rate would go up because of the relative change in the numbers. A 7,400 increase needed to boost the labor force total to its seasonally expected height equates to a percentage increase of just .6. However, the unemployment total would advance 2.8%, a much stronger gain.



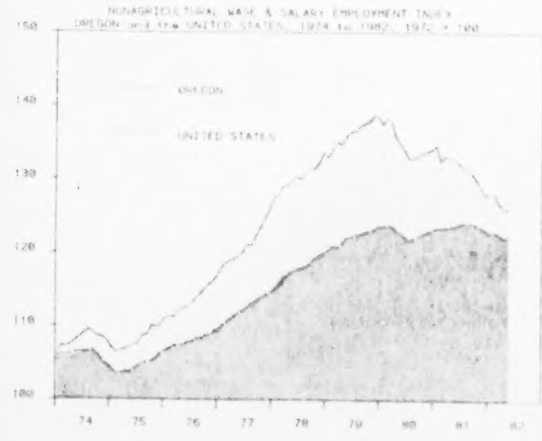


With that background let's return to look at the actual May statistics. The central issue is why the labor force expanded so little and why the unemployment count dropped so far. The key lies in the sad state of Oregon's economy. On one hand the robust reduction in the May unemployment total is a reflection of the plight (flight might be a better word) of the unemployed. Literally thousands of them have departed Oregon and headed for California and other greener pastures1/. Statistics for the first quarter of this year alone showed 9,400 unemployment insurance claimants leaving Oregon. Indeed, this out-migration has nearly doubled since 1978, while the opposite influence, those entering the state who are unemployed, has steadily diminished. The net effect is an equal numerical reduction in both parts of the equation used to compute the unemployment rate. However, the impact of strong out-migration and reduced in-migration is most pronounced on the unemployment factor (the numerator and smallest number in the equation).

The other important factor contributing to the "why" is the activity (or better the lack of activity) among the entrants and reentrants. Each year at this time the labor force expands as schools let out and because of normal hiring trends in food processing, lumber, and construction. The number of workers entering the labor force and looking for work in these seasonal industries is just not meeting expectations. Large numbers of the entrant/reentrant group have taken a look at the job market and found no reason to be hopeful of finding a job and thus do not look for work. By not actively seeking work they are not counted in the unemployment statistics.

The above analysis points to a paradox concerning the figures. The May statistics appear to point to some improvement, but the gains are more accurately a reflection of the adverse economic conditions.

In the nonfarm employment sector the total increased 3,500 to reach 975,100 in May. Nevertheless, a gain of about 5,000 was needed to meet normal seasonal expectations. Hence, the employment index dropped to 126.0, the lowest figure recorded since 1977.



Two key industries, lumber and construction, did exhibit a stronger than seasonally expected gain in employment. In lumber and wood products, logging held the key to the bulk of the increase with 1,000 additional workers reported. Two factors account for the bulk of the increase: fair weather and the need to harvest timber at selected sites to meet contractual obligations. Veneer and plywood manufacturers on the other hand showed that a turnaround is still somewhere in the future with a decline of 100 workers due to a continued soft market.

Construction employment in May provided a pleasant, perhaps illusory surprise by going up 1,900. Heavy construction led the industry largely in response to road repair projects. In the specialty trades sectors employment also went up, but as a result of home improvement projects, not the result of the hoped for general upturn in the home building sector. Interest rates remain prohibitively high and do not allow for much, if any, new residential building activity.

Most often the May industry employment figures were disappointing. In the metals and machinery segments, for example, employment succumbed to labor dispute activity, weak demand for heavy equipment, and a soft global market for nickel.

Recovery when it comes should be led by the consumer in response to reduced inflation and the federal tax reductions. The rate of inflation as measured by the Consumer Price Index (1972 = 100) has come down sharply as is shown in the following table:

	Portland SMSA CPI	% Increase Over the Year
1980	255.4	13.3%
1981	275.2	[illegible].9%
March 1982	286.7	6.9%

Looking towards the areas (the trade and services industries) where the consumer will inspire a change in the economic cycle, early signs of recovery were just not evident in May. Contributing to the lackluster performance is, of course, the large number of unemployed individuals who are not willing or unable to spend. Additionally, the uncertainty that exists over the state of the economy may be forcing the employed into a more conservative role. Whatever the reason, May trade employment showed no gain over the month and even went down (-700) on a seasonally adjusted basis. An opposite and equally disappointing trend was evident in services where unadjusted employment went down (-700) and the seasonally adjusted numbers held even. Especially evident in recent months has been the weakness recorded in the previously steadfast health services sector.

1/ For more information on the migration of the unemployed see the May 1982 issue of this publication.

All in all, May was, despite some "artificial" signs of improvement, another month in which Oregon's economy continued to bump along the bottom. With jobs scarce or nonexistent, unemployment far too high, and interest rates in the mid teens there will be no quick fix to our economic dilemma. Yet, however slow, recovery will come. Early signs of the long pull upwards should be on the horizon soon.

HOW HIGH IS OREGON'S L.Q.?

L.Q. stands for Location Quotient. It is an economic measure used to identify the export industries of a state or local area economy. The underlying assumption is very simple. If a state or local area produces proportionately more than the nation or state, the product or service is presumed to be exported, e.g., lumber from Oregon or education from Benton County. The location quotient is the ratio between the percentage of state or local employment in a particular industry and the percentage of national or state employment in that same industry. If the ratio is greater than 1.00, it indicates an above average proportion of total industry output being produced within the locality, much of which may be exported outside the local area. Quotients less than 1.00 indicate products or services being imported into a state or region.

The use of the L.Q. technique for preliminary identification of export industries in Oregon can be illustrated in the following table. Industries selected to demonstrate the use of this approach are the lumber and instruments sectors of Oregon's manufacturing industries.

	Location Quotient	
Year	Lumber	Scientific Instruments
1960	14.08	1.38
1962	13.99	1.89
1964	13.75	1.67
1966	12.64	2.06
1968	12.68	2.00
1970	11.76	2.12
1972	11.24	2.00
1974	11.08	2.21
1976	11.18	2.18
1978	10.10	2.44
1980	9.41	2.54

Two significant economic trends are evident for these two major Oregon industries. First, it confirms that Oregon is losing its national competitive advantage in the lumber industry. The L.Q.'s in this industry declined one third between 1960 and 1980. Secondly, the economic value of the manufacture of high technology equipment has increased in the state by 84% during the same time span.

These two examples highlight a portion of the changing economic base in Oregon. Further analysis would show that the state and local economies are not self sustaining. Rather, they rely on exporting to survive. This analytical approach focuses on the value of exporting as the major source of economic growth. These basic industries generate primary employment and income which produce secondary employment opportunities in the trade and service sectors of the local or regional economy. If the L.Q. technique was expanded to all sectors of the state and local economies it would theoretically be possible to identify high growth basic industries. These industries could then be targeted for special attention in attempts to diversify the local economy.

The need for basic economic awareness described above is becoming more critical to the local economies in Oregon. Efforts to diversify the state's economy have been greatly expanded because of the severe depressive effects of the national recession on Oregon's timber and construction industries since 1979. The initial steps in this developmental process will be the gathering and analysis of basic data to see where the state currently stands economically. To assist this effort, the Oregon Employment Division has implemented a new computer system called "DASIE". This system can provide many of the economic measures associated with export analysis. It can also do projections with several different economic models. It gives economists and planners the flexibility to look at the local economies under different economic assumptions. As soon as the computer data files are complete the Oregon Employment Division will publish the results by industry for the state and selected local areas. If you have an interest in this project please contact Tom Lynch at The Employment Division, 378-8656.

OCCUPATIONAL COMMITTEE REPORT READIED

The third Annual Report of the Oregon Occupational Information Coordinating Committee has recently been published. Major activities in 1981 which are featured in the report include the completion of the Occupational Program Planning System, a study on new and changing occupations and participation in a project to determine effective ways to provide career information to disadvantaged, out-of-school youth.

Established in 1978, OOICC is charged with coordinating the production, delivery and use of occupational information for program planning and career counseling in Oregon. The 1982 Committee includes four statutory members who represent Vocational Education, CETA, Employment and Vocational Rehabilitation. The 45 affiliate members were chosen from a broad spectrum of public and private agencies and represent all regions of the state.

For copies of the 1981 Annual Report or for further information, contact Nancy Hargis, Executive Secretary, OOICC, 875 Union Street NE, Salem 97311, telephone 378-8146.

RESIDENT OREGON LABOR FORCE

	May 1982 1/	Apr. 1982 2/	Change	% Change	May 1981 5/
Civilian Labor Force 3/	1,314,000	1,312,100	+ 1,900	+0.1	1,338,400
Unemployment	145,400	154,600	- 9,200	-6.0	125,000
Percent of Labor Force	11.1	11.8	xxx	xxx	9.3
Seasonally Adjusted Percent	11.1	11.3	xxx	xxx	9.3
Total Employment 4/	1,168,600	1,157,500	+11,100	+1.0	1,213,400

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	May 1982	Apr. 1982	May 1981	Change From Apr. 1982	Change From May 1981
TOTAL 1/	975,100	971,600	1,028,500	3,500	-53,400
Wage & Salary Employment Index (Seasonally Adjusted)	126.0	126.2	133.0	xxx	xxx
Total Manufacturing	186,300	185,800	203,200	500	-16,900
Durable Goods	136,300	135,600	151,500	700	-15,200
Lumber & Wood Products	57,400	56,100	65,700	1,300	- 8,300
Logging & Sawmills	29,400	28,300	33,500	1,100	- 4,100
Veneer & Plywood	17,300	17,400	20,100	- 100	- 2,800
Millwork & Structural Wood	5,700	5,500	6,200	200	- 500
Mobile Homes	1,600	1,500	2,100	100	- 500
Other Wood Products	3,400	3,400	3,800	0	- 400
Furniture & Fixtures	2,000	2,100	2,600	- 100	- 600
Stone, Clay, Glass, & Concrete	3,800	3,700	3,900	100	- 100
Primary Metals	8,300	8,800	10,400	- 500	- 2,100
Blast Furnaces, Iron & Steel	4,600	5,000	6,000	- 400	- 1,400
Nonferrous Metals	3,700	3,800	4,400	- 100	- 700
Fabricated Metals	10,000	10,100	10,800	- 100	- 800
Fabricated Structural Metals	3,800	3,900	4,200	- 100	- 400
Other Fabricated Metals	6,200	6,200	6,600	0	- 400
Machinery	16,800	17,200	17,800	- 400	- 1,000
Electrical Equipment & Supplies	10,300	10,200	10,000	100	300
Transportation Equipment	8,400	7,800	9,800	600	- 1,400
Instruments & Related Products	17,000	17,000	18,100	0	- 1,100
Miscellaneous Manufacturing	2,300	2,600	2,400	- 300	- 100
Nondurable Goods	50,000	50,200	51,700	- 200	- 1,700
Food & Kindred Products	19,700	19,600	20,900	100	- 1,200
Canning & Preserving	9,500	9,700	10,800	- 200	- 1,300
Other Food Products	10,200	9,900	10,100	300	100
Textile Mill Products	1,900	1,900	1,800	0	100
Apparel	3,000	3,000	2,900	0	100
Paper & Allied Products	9,900	10,000	10,300	- 100	- 400
Printing & Publishing	10,100	10,300	10,200	- 200	- 100
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	400	400	500	0	- 100
Rubber & Plastic Products	2,500	2,500	2,500	0	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	May 1982	Apr. 1982	May 1981	Change From Apr. 1982	Change From May 1981
(cont.)					
Total Nonmanufacturing	788,800	785,800	825,300	3,000	-36,500
Mining & Quarrying	2,600	2,000	2,100	600	500
Construction	31,200	29,300	37,700	1,900	- 6,500
Transportation, Communications, & Utilities	56,800	56,900	59,200	- 100	- 2,400
Transportation	32,000	32,000	34,100	0	- 2,100
Railroad	6,300	6,300	7,100	0	- 800
Trucking & Warehousing	15,400	15,600	16,500	- 200	- 1,100
Other Transportation	10,300	10,100	10,500	200	- 200
Communications	15,700	15,800	16,100	- 100	- 400
Utilities	9,100	9,100	9,000	0	100
Trade	241,800	241,800	254,100	0	-12,300
Wholesale Trade	62,400	63,300	66,500	- 900	- 4,100
Durable Goods	36,800	37,200	41,300	- 400	- 4,500
Nondurable Goods	25,600	26,100	25,200	- 500	400
Retail Trade	179,400	178,500	187,600	900	- 8,200
General Merchandise	23,000	23,100	24,400	- 100	- 1,400
Food Stores	25,700	25,400	26,500	300	- 800
Auto Dealers & Service Stations	22,100	22,100	23,100	0	- 1,000
Other Retail Trade	108,600	107,900	113,600	700	- 5,000
Finance, Insurance, & Real Estate	65,300	64,800	69,000	500	- 3,700
Banking & Credit Agencies	24,100	24,200	25,300	- 100	- 1,200
Other Finance, Insurance, & Real Estate	41,200	40,600	43,700	600	- 2,500
Services	187,200	187,900	193,300	- 700	- 6,100
Hotels & Personal Services	23,300	23,200	24,400	100	- 1,100
Health Services	63,600	63,700	64,000	- 100	- 400
Other Services	100,300	101,000	104,900	- 700	- 4,600
Government	203,900	203,100	209,900	800	- 6,000
Federal Government	29,900	29,900	29,600	0	300
State Government	52,200	52,400	54,600	- 200	- 2,400
Education	22,600	22,600	23,500	0	- 900
Other State	29,600	29,800	31,100	- 200	- 1,500
Local Government	121,800	120,800	125,700	1,000	- 3,900
Education	77,200	76,600	79,000	600	- 1,800
Other Local	44,600	44,200	46,700	400	- 2,100
Labor-Management Disputes	300	100	200	200	100

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

HOURS AND EARNINGS – ASSUMPTIONS VS REALITY

Following an absence in the reporting of Hours and Earnings data, information will again be provided on a regular basis.

Hourly earnings rose 9% for total Manufacturing, while Lumber and Wood products mustered a 7.5% increase from 1980 to 1981. Reduced overtime as well as cyclical changes in business operations played a part in holding down anticipated increases. While effects of the current recession have not as yet had a significant impact on individual wage rates, the same is not true with respect to the average hourly earnings of an industry. A comparison of annualized hourly earnings for 1980-81 reveals what at first appears to be a strong upward shift, as would be expected. However, appearances can be misleading. Keeping in mind that Portland's CPI rate rose by 13.3% in 1980, and 8.9% in 1981, it follows that wage rates would have risen proportionately, thereby pushing average hourly wages up as well. Another factor contributing to an upward pressure on average hourly earnings has been the layoff of lower paid workers. Declining economic conditions have led to production employment falling by 14.8% (26,300) from 1980 to 1981. Production worker employment for Durable and Nondurable goods fell by 17.8% (24,524) and 4.6% (1,353),

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Apr. 1982	3/ Mar. 1982	Apr. 1981	2/ Apr. 1982	3/ Mar. 1982	Apr. 1981	2/ Apr. 1982	3/ Mar. 1982	Apr. 1981
TOTAL MANUFACTURING 4/	$367.04	$370.63	$352.47	37.0	37.4	37.9	$9.92	$9.91	$9.30
Durable Goods	372.74	378.89	360.61	37.2	37.7	38.2	10.02	10.05	9.44
Lumber & Wood Products	370.55	381.39	369.99	36.4	37.1	38.5	10.18	10.28	9.61
Logging & Sawmills	385.56	404.06	389.64	35.7	36.9	38.2	10.80	10.95	10.20
Veneer & Plywood	377.50	385.82	383.91	37.6	38.2	40.2	10.04	10.10	9.55
Millwork & Struct Wood	295.01	303.21	270.62	35.5	36.4	35.1	8.31	8.33	7.71
Mobile Homes	274.21	245.36	264.83	35.2	32.2	35.5	7.79	7.62	7.46
Other Wood Products	376.27	351.36	365.31	38.2	36.6	40.1	9.85	9.60	9.11
Furniture & Fixtures	193.44	196.80	207.55	24.0	24.6	31.4	8.06	8.00	6.61
Primary Metals	487.58	493.29	449.44	39.9	40.6	40.2	12.22	12.15	11.18
Fabricated Metals	354.86	361.49	335.63	35.7	37.0	37.5	9.94	9.77	8.95
Machinery	383.72	382.21	364.39	37.4	37.0	37.8	10.26	10.33	9.64
Nondurable Goods	350.04	348.07	328.34	36.5	36.6	37.1	9.59	9.51	8.85
Food & Kindred Prod	303.58	303.73	286.99	35.3	35.4	35.3	8.60	8.58	8.13
Canning & Preserving	247.81	247.57	238.90	33.9	34.1	33.6	7.31	7.26	7.11
Other Food Products	375.08	373.80	355.32	37.1	36.9	37.6	10.11	10.13	9.45
Textile Mill Products	190.63	199.65	195.14	35.9	36.3	37.6	5.31	5.50	5.19
Apparel	161.65	180.20	174.54	30.5	34.0	34.7	5.30	5.30	5.03
Paper & Allied Products	495.22	488.82	464.52	41.2	40.6	42.0	12.02	12.04	11.06
Printing & Publishing	358.57	376.22	340.52	33.7	35.8	34.9	10.64	10.78	9.76
Construction 4/	513.28	519.42	501.27	32.1	33.0	34.1	15.99	15.74	14.70
Communications & Utilities 5/	405.00	436.69	376.49	38.1	40.1	39.3	10.63	10.89	9.58
Trade 5/	276.42	277.70	261.86	34.0	34.2	34.5	8.12	8.11	7.59
Wholesale Trade	369.01	368.45	340.66	38.2	38.5	37.6	9.66	9.57	9.06
Retail Trade	223.34	225.70	218.78	31.5	31.7	32.8	7.09	7.12	6.67
Banking & Insurance	237.83	236.08	215.34	NA	NA	NA	NA	NA	NA
State & Local Government	290.87	289.35	264.94	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

respectively. Because of this, a drop of 24.7% (17,818) in the state's Lumber and Wood Products sector and the expectations for higher average hourly earnings becomes stronger yet.

Now expectations are building for an economic recovery, albeit agonizingly slow, a turnaround all the same. It is expected that as the economy improves, average weekly hours should climb out of the trenches. Currently, Oregon stands very near the bottom of the national ranking in average hours. Accompanying a turnaround in the economy, hourly earnings will not rise as far as might be expected or may actually decline with the rehire of generally lower paid employes. The net effect will be a reduction in the ratio of higher paid workers in the labor force. Wage negotiations will also make their presence felt, especially in hard hit areas such as Lumber and Wood Products and the Building Trades. Settlements that do materialize will greatly affect and be affected by what happens to the demand for Oregon products. Suffice it to say, Oregon stands at a crossroad in its economy with few clear signs of direction available. However, this does not minimize the impact that decisions made today will have on the months and even years to follow.

From month to month, signs of a turnaround remain as elusive as ever. March average weekly earnings in total Manufacturing changed little over the month (up 1.55); however, the opposing directions taken by weekly hours and hourly earnings underscored the fact that the recovery is still around the corner. Continuing layoffs further increased the ratio of higher paid workers in the labor force, thereby causing a decline in average weekly hours (.3) with a corresponding increase in hourly earnings (.12). Lumber and Wood Products went against the flow for March, posting an increase of .4 in weekly hours. A limited call back of previously laid off workers in Veneer and Plywood prompted much of the upswing in hours. Several smaller firms in this sector also contributed to the increase; where, following reductions in force, marginal increases in hours were reported. In Other Durables, Machinery lost 1.5 in weekly hours in March due to continued weak demand for heavy equipment and parts.

Weekly hours for April fell .5 for Durable Goods manufacturing. Prompting this decline were reported losses in Fabricated Metals (down 1.3) and Logging and Sawmills (down 1.2). Machinery, on the other hand, regained a part of its losses from the previous month with the resumption of production activities and recall of some workers previously laid off. Printing & Publishing in Nondurable Goods registered a drop in both hours (2.1) and earnings (.14) as a seasonal slowdown began to have its effect on business activity. For Construction, the continued erosion in weekly hours (down .9) stemed primarily from a faltering demand for Heavy Construction and Structural Steel. Mounting uncertainties have also led to delayed startups of several major construction projects, thus further depressing an already dismal employment picture.

UNEMPLOYMENT BENEFIT PROGRAMS

The Oregon Legislature unanimously passed a bill extending jobless benefits to persons whose unemployment insurance runs out after 26 weeks. The bill will permit those persons to collect benefits for up to 13 additional weeks at any time when the federal extended benefit program is not operating in Oregon.

This extension of job benefits will cost the State Unemployment Insurance trust fund about $20.7 million. The fund, currently totaling $222 million, is financed by an employer payroll tax.

The current federal extended benefits program splits the cost of the additional 13-week period between the federal and state government. This program functions only when 5% of the workers in jobs covered by an unemployment insurance program are unemployed. This formula does not count workers already on extended benefits nor workers who have moved out of the state but continue to collect Oregon-paid benefits.

A change in the federal law will raise the requirement to 6% - a level that Oregon is not expected to maintain, despite the fact that Oregon's unemployment rate has been the nation's fifth highest and was 11.5% for May.

For the first time in history, more people are drawing benefits from Oregon while living in other states than vice versa. There are now approximately 66,000 Oregonians receiving regular 26 week benefits - 5,500 while living in other states and 12,300 receiving federal/state extended benefits. Under a bill passed in the Legislature's winter special session, up to 13 weeks of state-paid supplemental benefits go to unemployed workers who have exhausted both their regular and extended benefits. There are about 5,600 individuals receiving benefits under this program. With all three benefit programs, an eligible Oregonian may collect a full 52 weeks of benefits. However, this potential of 52 weeks will drop back to 39 weeks by the end of September.

DON'T LAYOFF – SHARE THE WORK

"Shared work" is a voluntary unemployment compensation program that employers can adopt in order to maintain a trained workforce. This permits employes to share the work remaining after their normal hours are reduced and to collect a partial unemployment insurance benefit. For example, instead of a layoff an employer may opt to schedule a one day (20%) reduction. All affected employes would then be eligible to receive 20% of their weekly benefit amount to partially compensate for their reduced weekly earnings. The law requires that the work week reduction in a Shared Work plan be between 20% and 40% of the normal workweek. Employers wishing to participate in the program must submit a written plan for approval by the Employment Division. Also, if the employes are represented by a bargaining agent, the union must sign off on the plan. For more information call 378-5743.

1980 CENSUS – RECENT RELEASE

Data released from the 1980 U.S. Census provide a new opportunity to make demographic and housing comparisons and to study historical trends. The table at the right includes highlights from the 1980 Census of Population and Housing, PHC80-S1-1, Provisional Estimates of Social, Economic, and Housing Characteristics, issued March 1982.

This preliminary data is designed to give early access to characteristics of the population. Because it is based only on a sample of the census, later figures based on the complete census may differ.

For a list of Bureau of the Census reports contact:

Data User Services Division
Customer Services
Bureau of the Census
Washington, D.C. 20233 (301/763-4100)

	Oregon	Portland SMSA
Total Persons	2,633,105	1,242,594
Urban	1,819,971	1,076,019
Rural	313,134	166,575
farm	68,001	13,344
Median Age	30.2	30.3
female	31.0	31.1
Male, 15 yrs & over	994,583	464,651
Single	269,383	129,431
Married, not separated	616,499	281,994
Separated	16,463	7,596
Widowed	20,285	9,490
Divorced	71,953	36,140
Female, 15 yrs & over	1,048,666	501,689
Single	205,844	104,577
Married, not separated	616,415	279,160
Separated	22,926	10,200
Widowed	111,772	54,601
Divorced	95,709	53,151
Persons 25 years & over	1,579,498	752,238
Years of School Completed:		
Elementary (0-8 years)	186,869	74,026
High School: 1-3 years	212,310	92,460
4 years	590,845	275,479
College: 1-3 years	317,832	163,222
4 or more years	271,642	147,051
Percent 0-8 years only	11.8	9.8
Percent High School Graduates	74.7	77.9
Percent College Graduates	17.2	19.5
Work Disability Status		
Noninstitutional Persons 16 to 64 years	1,688,513	812,069
With a Work Disability	167,604	69,119
Percent	9.9	8.5
Female, 16 years and over	1,029,819	494,244
In Civilian Labor Force	520,399	270,876
Percent	50.5	54.8
Employed	479,711	255,183
Unemployed	40,628	15,693
With Children under 6 years	160,557	75,991
In Labor Force	69,038	34,959
Percent	43.0	46.0
With Children 6-17 years	189,126	89,446
In Labor Force	122,916	59,629
Percent	65.0	66.7
Families	700,769	327,105
With No Workers	93,324	35,399
With One Worker	235,683	105,848
With two or more Workers	371,762	185,858
Percent of Families	53.1	56.8
Income less than $5,000 in 1979	44,534	15,417
$5,000 to $7,499	43,403	15,330
$7,500 to $9,999	53,634	19,028
$10,000 to $14,999	103,840	40,843
$15,000 to $19,999	108,419	48,456
$20,000 to $24,999	108,037	52,627
$25,000 to $34,999	137,377	73,301
$35,000 to $49,999	69,643	41,372
$50,000 or more	31,882	20,371
Median	$19,837	$22,102
Mean	$22,410	$25,219
Families with 1979 Income Below Poverty Level	57,008	19,816
Percent of all Families	8.1	6.1

HOUSING BILLS UPDATE

The U.S. Senate has passed, by a 70-23 margin, a Mortgage Subsidy Bill designed to hasten recovery of the national housing industry. The U.S. House had earlier passed a separate version by a 350-54 vote.

A Joint Conference Committee is discussing a compromise between the two versions. The first attempt at a compromise package has been rejected in a close vote by the Senate. The major sticking point appears to be the total amount of the appropriation.

When the House and Senate do approve a compromise package, it is likely to be vetoed by the President. It is not certain whether the Senate would have enough votes to override a veto.

The President has called the mortgage subsidy concept "a bailout of one certain industry." Mark Hatfield, an original co-sponsor of the Senate Bill, believes that the Housing Industry, one of the hardest hit by the recession needs a stimulus, and that it is likely that the return in revenue to the government would exceed the cost.

Any progress toward recovery of the Housing Industry would be particularly beneficial for Oregon, , whose Lumber Industry depends on the national housing market as its main source of demand.

8/15/82 56615

OREGON LABOR TRENDS

Prepared by Research and Statistics Section
STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
July 1982

JUNE TRENDS

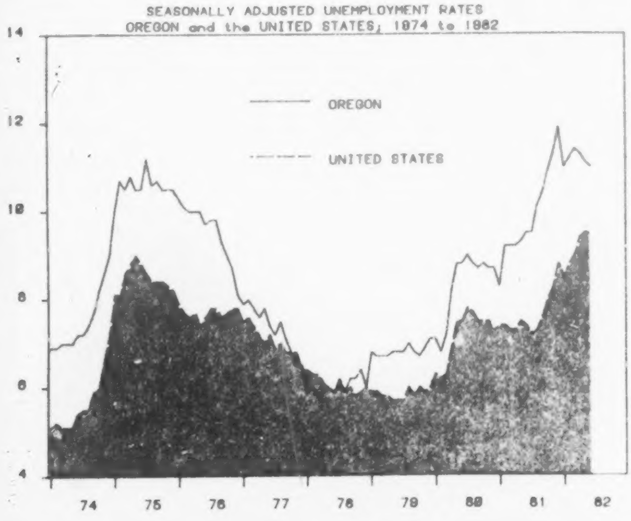
Wage & Salary Index..125.2 down from 126.0 in May
Unemployment Rate.....10.9% down from 11.1% in May
Seasonally Adjusted Rate.....................11.0%
U.S. Seasonally Adjusted Rate..................9.5%

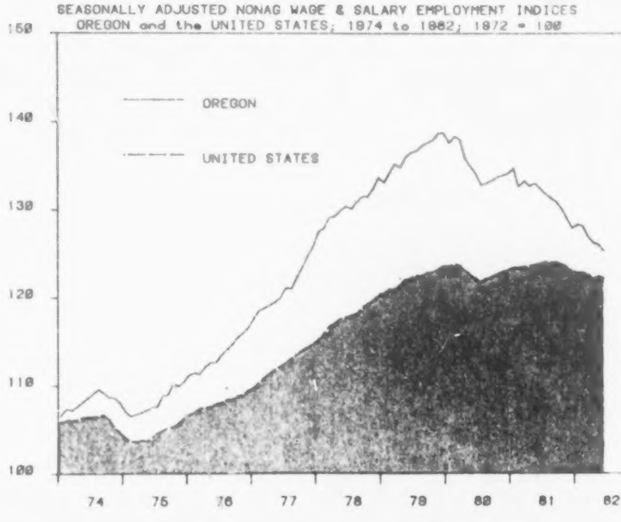
BUMPING ALONG THE BOTTOM

In a recent visit to Portland, Vice President Bush described our current economic situation as "bumping along the bottom". Mr. Bush's description was borne out by the seasonally adjusted unemployment rate for the nation which remained at 9.5% and the Oregon seasonally adjusted rate which dropped by only one-tenth of percentage point to 11.0%. There was some improvement in that 14,400 more Oregonians were employed in June than in May. This increase is larger than the last couple of years, but still well below the May-June increase of 1979 which was 23,800. At least the number of unemployed didn't increase but the 600 decrease in Oregon's unemployed was anemic at best and cannot be safely construed as the beginning of a recovery. Also of concern is the simple fact that at 144,900 the absolute level of unemployment is extremely high, 17,400 above June of 1981, 29,000 above June of 1980 and 64,800 above June of 1979. One apparent bright spot is that the civilian labor force increased by 13,800 which means that more people are either working or actively seeking work. However, at this time of year fairly substantial increases in the labor force are expected as the weather improves and the economy begins to expand. For example last year's May-June increase was 25,400, and the two years before that 22,700 and 36,400 respectively. By comparison an increase of less than 14,000 is lackluster at best.

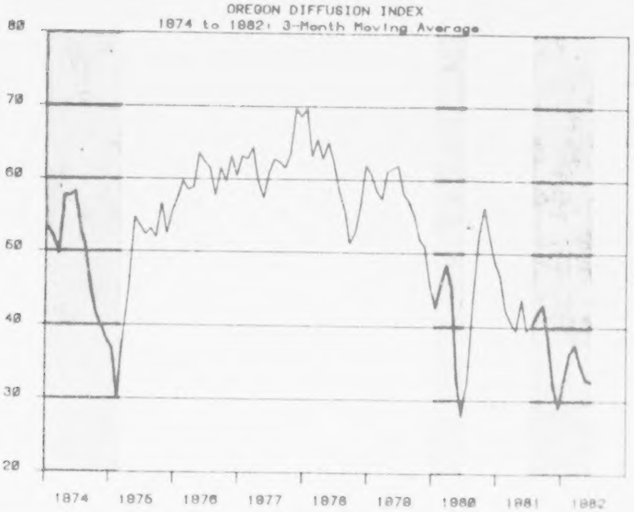
The Wage and Salary Index, which is a comparison of current nonfarm seasonally adjusted employment to the annual average employment of 1972, fell by more than the unemployment rate. The wage and salary index is expected to remain constant with normal employment increases. But this drop in the index shows that the employment increase was well below the increase that would have occurred in a normal year.

Perhaps the most worrisome indicator is the Diffusion Index. As was explained in the November 1981 issue of this publication, the Diffusion Index compares a selected group of industries to see whether most of them are increasing or decreasing their employment. If the index is above 50 then





there are more firms expanding their employment than contracting; this is taken as a harbinger of an improvement in the economy. As can be seen from the accompanying graph the Diffusion Index has been below 50 for some time, and most recently it went from 32.9 in May to 32.6 in June. This is not a large movement, but its significance lies not in its size but its direction. This index is used as a leading indicator, and as a practical rule of thumb we expect an upturn in the economy four to six months after an upturn in the diffusion index.



Even though the Wage and Salary Index decreased there were several industries which showed employment gains between May and June. The largest absolute gain was in the Services sector. This gain wasn't lead by Hotels as might be expected as the tourist season begins, but rather it was concentrated in Other Services. One of the industries in this category which showed substantial gains (+500) was in amusements excluding movies. This industry regularly shows substantial employment gains at this time of year as the weather improves and people begin their vacations.

Lumber and Wood Products also registered an increase in employment but was still 8,600 below last year's level. Firms in Logging and Sawmills accounted for 1,000 of the increase. Most of this increase was concentrated in two major firms. Veneer and Plywood showed an increase of 700 which again was concentrated in two large firms, one of which resumed operations in a partially closed plant on the coast. The only decrease in lumber was in mobile homes where two firms closed temporarily to keep their inventories in line with low demand.

Construction showed a gain of 1,600, but this is about 200 below what is expected at this time of year. Heavy Construction showed the largest gain with 800. The rest of the gain was spread over the construction industry with the exception of Electrical Work, which declined by 200 workers. This rise in construction employment is affiliated in part with a short term project at the Trojan Nuclear Plant and therefore is expected to be temporary.

Trade also showed an increase in employment, although like Services, it wasn't very significant when compared to the amount of employment in this sector. This increase was concentrated in Retail Trade, especially Other Retail Trade. Eating and Drinking Places accounted for about half the increase in this category. This is typical for eating places at this time of year since there are more people traveling and eating out. The other sectors of Retail Trade are probably deriving some benefit from the rate of inflation which at least encourages some consumer confidence.

Most of the losses in employment were fairly small and evenly spread. The exception is in Transportation Equipment which showed a loss of 800 people. This was due to layoffs by two major firms as they attempted to adjust to economic conditions.

Food and Kindred Products, which showed a gain of 400, was about 2,000 less than expected. Most of this can be attributed to current economic conditions, but at least a portion of it is due to the increased use of automated equipment in Canning and Preserving.

Because there hasn's been a sustained increase in the diffusion index it appears that an economic upswing is not on Oregon's immediate horizon. This seems to be borne out by the fact that there is no substantial and immediate decline expected in interest rates which would spur the housing industry and bring relief to the lumber industry. So we will probably continue to "bump along the bottom" for at least the rest of 1982.

1980 COVERED EMPLOYMENT AND PAYROLL DATA NOW AVAILABLE

The annual publication, Oregon Covered Employment and Payrolls, RS Pub 21, is now available for 1980. Tables show data at two and four-digit industry levels (using federal Standard Industrial Classification codes) by county and Statewide, respectively. (Note: quarterly publications were discontinued in 1978). If you have not received a copy and would like to be on our mailing list, please contact;

Oregon Employment Division
Research & Statistics - ES202
875 Union Street, NE
Salem OR 97311
Telephone: 378-8654
(Toll free: 1-800/452-7813, Ext. 8-8654)

CURRENT PERSPECTIVE

There is a lot of discussion these days concerning Oregon's recession. Volumes of articles are being printed about its timing, severity and longevity.

This review will help the reader get a better handle on what has occurred in Oregon over the last 2½ years since 1979. In a nut shell, new home mortgage rates skyrocketed. During 1980, rates climbed to over 13% compared to rates below 10% just two years earlier. By June of 1980, employment construction was down 9,300 over the 1979's level and lumber and wood products had dropped 16,700. At the time, this was believed to be merely a short term obstacle in the path of the 3-bedroom, double garage American dream. As the months of high interest rates passed there seemed to be only one way rates could go and that was down. Prospective home buyers put their plans in a holding pattern awaiting the demise of these high rates. Historical mortgage rate levels would surely return in the summer of 1980 or at the latest by fall. Unfortunately they were not forthcoming and the wood products firms that planned for only a short-term market interruption were forced to retrench.

Most employers felt that even though 1980 had been a tough year, the summer of 1981 would bring brighter days. When May of 1981 came and the rates remained stubbornly high, a mild panic set in. Although the situation became accepted it was imperative that there not be another year like 1981. Due to tight constraints placed on the money supply by the Federal Reserve, recovery was imminent - it was only a matter of time.

Oregonians looked to the summer of 1982 for the long-awaited recovery. Projections of a 14-15% mortgage rate were commonplace. Indeed, the stage was being set for recovery. After 2½ years the waiting seemed to be nearly over. But the summer of 1982 is here with interest rates still at unreachable levels.

By now fingers are pointing in all different directions as to the cause. Economists are choosing up sides and speculating on the reasons for interest rates defying the law of gravity. Everyone has an opinion but no one seems to have the solution.

One faction is saying that the whole concept of supply side economic theory was doomed from the beginning. The other side is pleading for more time to overcome the years of neglect and over-consumption. Remember that all of this is being done in the war to whip inflation. After all, in any war there are casualties (in this case bankruptcies, foreclosures, repossessions, etc.). But inflation is finally being brought to its knees. Or is it?

The beast reared its ugly head again last May when consumer prices jumped one full percentage point for the month (a 12% annual rate). Fortunately a number of prominent economists say that it is only an aberration after several months of negligible increases.

Can inflation really exist in the stifling environment of this present tight money policy? If so, then the present single pronged attack upon inflation may be destined for failure! But the theory seems so simple: Control the money supply, which initially raises interest rates, and eventually reduces the demand for money. This in turn puts less money into the hands of consumers thereby reducing the amount of goods being purchased. When demand has diminished there will no longer be too many dollars chasing too few goods (i.e. inflation). As inflationary expectations subside, interest rates decline and cool off the overheated economy.

However, what is happening is that as fewer goods are being purchased, fewer goods are being produced. We may have fewer dollars but they are chasing even fewer goods. Inflation is still high only with fewer dollars and fewer goods for consumers. The relative relationship between demand and supply has not changed.

Some goods seem to be exempt from this inflation spiral. Take two of Oregon's major products, food and lumber. With these and others the cost of productive facilities such as buildings and equipment are fixed. In the short run, a producer has already made expenditures, and the only way to recover this investment is to produce and sell goods, even if it is necessary to operate at a loss. Before a producer can even consider producing anything, the variable costs (costs of raw materials, labor, etc.) must be covered; otherwise the producer is better off not operating at all. In the current economy with less demand for goods, farm and wood products operators will continue production even while losing money. As long as revenues exceed variable costs and cover some part of fixed costs, the producer's losses will be smaller than if production had ceased. Thus, production remains at high levels while demand is slackened. In these cases there is little change in the supply of goods but they are being chased by fewer dollars. This leads to disinflation or a lowering of prices for these goods.

All of this is presented to put a perspective on the condition of Oregon's economy. To predict when an upturn is going to occur would be foolish without the use of a crystal ball. Under a totally free enterprise system the timing of a downturn or recovery might be predicted with some degree of accuracy using long-term cycles and trends. Now that one segment of the economy (money supply) is under stringent control, just how the remainder will react is up for lively debate but is not subject to very accurate forecasting.

RESIDENT OREGON LABOR FORCE

	June 1982 1/	May 1982 2/	Change	% Change	June 1981 5/
Civilian Labor Force 3/	1,327,700	1,313,900	+13,800	+1.1	1,363,800
Unemployment	144,900	145,500	- 600	-0.4	127,500
Percent of Labor Force	10.9	11.1	xxx	xxx	9.3
Seasonally Adjusted Percent	11.0	11.1	xxx	xxx	9.5
Total Employment 4/	1,182,800	1,168,400	+14,400	+1.2	1,236,300

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	June 1982	May 1982	June 1981	Change From	
				May 1982	June 1981
TOTAL 1/	982,900	974,900	1,039,600	8,000	-56,700
Wage & Salary Employment Index (Seasonally Adjusted)	125.2	126.0	132.4	xxx	xxx
Total Manufacturing	187,200	185,800	206,200	1,400	-19,000
Durable Goods	136,400	135,600	151,900	800	-15,500
Lumber & Wood Products	58,500	56,700	67,100	1,800	- 8,600
Logging & Sawmills	30,000	29,000	34,700	1,000	- 4,700
Veneer & Plywood	17,800	17,100	20,300	700	- 2,500
Millwork & Structural Wood	5,900	5,700	6,300	200	- 400
Mobile Homes	1,400	1,500	2,000	- 100	- 600
Other Wood Products	3,500	3,400	3,800	100	- 300
Furniture & Fixtures	1,800	2,000	2,600	- 200	- 800
Stone, Clay, Glass, & Concrete	3,900	3,800	4,000	100	- 100
Primary Metals	8,200	8,200	10,200	0	- 2,000
Blast Furnaces, Iron & Steel	4,400	4,500	5,800	- 100	- 1,400
Nonferrous Metals	3,800	3,700	4,400	100	- 600
Fabricated Metals	9,900	10,000	10,800	- 100	- 900
Fabricated Structural Metals	3,900	3,800	4,200	100	- 300
Other Fabricated Metals	6,000	6,200	6,600	- 200	- 600
Machinery	16,900	16,800	18,200	100	- 1,300
Electrical Equipment & Supplies	10,300	10,300	10,000	0	300
Transportation Equipment	7,600	8,400	8,100	- 800	- 500
Instruments & Related Products	17,000	17,000	18,400	0	- 1,400
Miscellaneous Manufacturing	2,300	2,400	2,500	- 100	- 200
Nondurable Goods	50,800	50,200	54,300	600	- 3,500
Food & Kindred Products	20,300	19,900	23,100	400	- 2,800
Canning & Preserving	10,100	9,700	12,700	400	- 2,600
Other Food Products	10,200	10,200	10,400	0	- 200
Textile Mill Products	1,900	1,900	1,800	0	100
Apparel	3,000	3,000	2,900	0	100
Paper & Allied Products	10,000	9,800	10,600	200	- 600
Printing & Publishing	10,300	10,200	10,300	100	0
Chemicals & Allied Products	2,200	2,200	2,300	0	- 100
Petroleum Refining	400	400	500	0	- 100
Rubber & Plastic Products	2,400	2,500	2,500	- 100	- 100
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	June 1982	May 1982	June 1981	May 1982	June 1981
(cont.)					
Total Nonmanufacturing	795,700	789,100	833,400	6,600	-37,700
Mining & Quarrying	2,300	2,300	2,200	0	100
Construction	32,600	31,000	38,900	1,600	- 6,300
Transportation, Communications, & Utilities	57,300	56,800	60,300	500	- 3,000
Transportation	32,500	32,000	35,000	500	- 2,500
Railroad	6,300	6,300	7,100	0	- 800
Trucking & Warehousing	16,100	15,500	17,300	600	- 1,200
Other Transportation	10,100	10,200	10,600	- 100	- 500
Communications	15,700	15,700	16,100	0	- 400
Utilities	9,100	9,100	9,200	0	- 100
Trade	244,000	242,400	256,400	1,600	-12,400
Wholesale Trade	62,800	63,000	67,100	- 200	- 4,300
Durable Goods	36,800	37,100	41,600	- 300	- 4,800
Nondurable Goods	26,000	25,900	25,500	100	500
Retail Trade	181,200	179,400	189,300	1,800	- 8,100
General Merchandise	23,200	23,000	24,400	200	- 1,200
Food Stores	25,800	25,700	26,900	100	- 1,100
Auto Dealers & Service Stations	22,300	22,100	23,400	200	- 1,100
Other Retail Trade	109,900	108,600	114,600	1,300	- 4,700
Finance, Insurance, & Real Estate	65,200	65,100	69,400	100	- 4,200
Banking & Credit Agencies	23,900	24,000	25,200	- 100	- 1,300
Other Finance, Insurance, & Real Estate	41,300	41,100	44,200	200	- 2,900
Services	190,500	187,800	194,300	2,700	- 3,800
Hotels & Personal Services	23,900	23,600	25,100	300	- 1,200
Health Services	64,500	63,900	64,300	600	200
Other Services	102,100	100,300	104,900	1,800	- 2,800
Government	203,800	203,700	211,900	100	- 8,100
Federal Government	30,400	30,100	30,300	300	100
State Government	53,300	52,200	56,900	1,100	- 3,600
Education	23,100	22,600	24,000	500	- 900
Other State	30,200	29,600	32,000	600	- 1,800
Local Government	120,100	121,400	124,700	-1,300	- 4,600
Education	74,600	76,900	76,800	-2,300	- 2,200
Other Local	45,500	44,500	47,900	1,000	- 2,400
Labor-Management Disputes	500	300	300	200	200

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

ELIGIBLE LABOR SURPLUS AREAS FOR BIDDING ON FEDERAL CONTRACTS

Employers located in eligible labor surplus areas, as determined by the Department of Labor, and who meet other criteria, are entitled to preference in bidding on Federal procurement contracts.

The purpose of the labor surplus area procurement preference is to help guide a portion of the U.S. Government's procurement dollars into those areas where people are in most severe economic need, e.g., areas with the highest unemployment.

Under the Department of Labor's classification procedures, an area is classified as a labor surplus area if the unemployment rate is at least 1.20 times the national unemployment rate during the previous two calendar years.

The reference period used in preparing this list of labor surplus areas was January 1980 through December 1981. The national average unemployment rate during this period was 7.5%. Areas were included on the listing if their average unemployment rate was 9.0% or more, i.e., 1.20 times the national rate.

ELIGIBLE LABOR SURPLUS AREAS
From June 1, 1982 through May 31, 1983

Baker County
Clatsop County
Columbia County
Coos County
Crook County
Curry County
Deschutes County
Douglas County
Grant County
Harney County
Hood River County
Jackson County
Josephine County
Klamath County

Lake County
Lincoln County
Linn County
Tillamook County
Union County
Wallowa County
Wheeler County

Eugene City in Lane County

Lane County less Eugene City

Employers located in labor surplus areas and interested in bidding on Federal contracts should consult the Commerce Business Daily which lists Federal contract requirements and indicates those to be awarded under preference procedures.

The Seattle Business Service Center of the General Services Administration can provide additional information concerning Federal contracting opportunities. Contact:

Business Service Center
General Services Administration
440 Federal Building
915 Second Avenue
Seattle WA 98174
Phone: 206/442-5556

MAY 1982 UNEMPLOYMENT RATES RANK BY STATE

State	Rank	Rate
Michigan	1	14.3
Alabama	2	[illegible]
Washington	3	12.3
Indiana	4	11.4
South Carolina	5	11.4
Ohio	6	11.1
Oregon	7	11.1
West Virginia	8	10.9
District of Co.	9	10.6
Illinois	10	10.6
Tennessee	11	10.6
Louisiana	12	10.3
Alaska	13	10.1
Mississippi	14	10.0
Idaho	15	9.8
Kentucky	16	9.8
Pennsylvania	17	9.8
New Jersey	18	9.7
Wisconsin	19	9.7
Arizona	20	9.3
Maine	21	9.3
Rhode Island	22	9.2
Arkansas	23	9.1
New Mexico	24	9.1
California	25	9.0
Nevada	26	8.7
North Carolina	27	8.7
Maryland	28	8.6
Massachusetts	29	8.6
Montana	30	8.5
Missouri	31	7.9
New York	32	7.9
New Hampshire	33	7.6
Vermont	34	7.6
Iowa	35	7.5
Georgia	36	7.4
Florida	37	7.3
Delaware	38	7.1
Virginia	39	7.1
Utah	40	7.0
Colorado	41	6.9
Minnesota	42	6.7
Connecticut	43	6.5
Hawaii	44	6.4
Texas	45	6.3
Kansas	46	5.5
Nebraska	47	5.4
Oklahoma	48	5.2
Wyoming	49	4.9
South Dakota	50	4.5
North Dakota	51	4.3

HOURS AND EARNINGS-ARE THINGS GETTING BETTER?

For the first time in a year, average weekly hours matched its year ago level. Dampening the good news, though, was a 2,200 decline in production worker employment for total manufacturing. In spite of the loss in employment, average weekly hours and hourly earnings moved together to record positive advances. With anxiety over the economy running high, each shred of improvement becomes a pillar of hope that a turnaround is eminent. However, any fledgling recovery appearing on the horizon may well turn out to be a sputter and spurting improvement. Reason for this pessimistic outlook stems from uncertainties over government borrowing to cover growing federal deficits. Continued government borrowing will serve to further squeeze business out of traditional credit markets. If that happens, Oregon is sure to feel the pinch in its interest sensitive economy.

While the combined Lumber and Wood Products sectors were able to post strong gains in both hours and earnings, individual components of wood products manufacturing did not all share the same vigor. Logging and Sawmill operations reported an upturn with the advent of fair weather. Additionally, the uncertain status of legislation impacting on timber contracts has prompted an increase in production activities. Millwork and Structural Wood reported a 3.1 increase in average weekly hours. Resumption of full time operations by a single firm, rather than an industry-wide improvement was cause for the upswing. Mobile Home construction continued to bump along at or near the bottom with periodic curtailments by several plants creating wide swings in weekly hours.

Primary and Fabricated Metals reported significant shifts over the month. Buffeted by a strike, as well as continued weak demand for aluminum and nickel, Primary Metals saw average hourly earnings and weekly hours fall by 23¢ and 1.1 hours, respectively. Production worker employment also dropped 400 to add to the already dismal scenario. On the plus side, Fabricated Metals posted a .6 increase in weekly hours and an 11¢ rise in hourly earnings. The gains were widespread and included firms engaged in the manufacture of metal cans and containers, as well as structural and sheetmetal producers.

Production worker employment fell 200 in Paper and Allied Products as the demand for selected products continues to weaken. This is also reflected in the 1.3 decline in weekly hours. Elsewhere in Nondurable Goods, Canning & preserving hit a seasonal lull just prior to its anticipated upswing. Though hourly earnings fell 17¢ for Canning and Preserving, Other Food Products was able to offset some of the decline with a 19¢ rise. The net loss of 4¢ in Food and Kindred was because of a greater share of employment in the Canning and Preserving sector.

In the Nonmanufacturing sector, Construction was able to revive with a 1.7 increase in weekly hours. Production worker employment in Construction rose 2,100 over the month, offering some relief from a dismal winter. In Wholesale Trade, the increase in hours (1.5) for May represents the largest such rise in over a year. Accompanying the jump in hours, though, was a 1,400 decline in production worker employment; the largest such decline since October of last year.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ May 1982	3/ Apr. 1982	May 1981	2/ May 1982	3/ Apr. 1982	May 1981	2/ May 1982	3/ Apr. 1982	May 1981
TOTAL MANUFACTURING 4/	$381.52	$367.66	$357.58	38.0	37.1	38.0	$10.04	$9.91	$9.41
Durable Goods	390.14	373.12	366.91	38.4	37.2	38.3	10.16	10.03	9.58
Lumber & Wood Products	401.97	370.55	381.22	38.8	36.4	38.9	10.36	10.18	9.80
Logging & Sawmills	435.51	385.56	410.82	39.2	35.7	39.2	11.11	10.80	10.48
Veneer & Plywood	395.07	377.50	380.78	39.0	37.6	39.5	10.13	10.04	9.64
Millwork & Struct Wood	306.10	295.01	282.88	38.6	35.5	36.5	7.93	8.31	7.75
Mobile Homes	230.43	274.21	272.45	30.2	35.2	35.2	7.63	7.75	7.74
Other Wood Products	366.70	378.28	365.71	38.0	38.6	40.1	9.65	9.80	9.12
Furniture & Fixtures	197.82	193.44	205.11	25.2	24.0	29.9	7.85	8.06	6.86
Primary Metals	465.21	487.58	446.16	38.8	39.9	39.8	11.99	12.22	11.21
Fabricated Metals	364.82	354.86	354.71	36.3	35.7	38.1	10.05	9.94	9.31
Machinery	393.57	383.72	359.87	38.1	37.4	37.1	10.33	10.26	9.70
Nondurable Goods	359.50	351.22	329.59	37.1	36.7	37.2	9.69	9.57	8.86
Food & Kindred Prod	318.82	303.58	293.56	36.9	35.3	35.8	8.64	8.60	8.20
Canning & Preserving	257.75	247.81	242.48	36.1	33.9	34.2	7.14	7.31	7.09
Other Food Products	389.34	375.08	363.86	37.8	37.1	38.1	10.30	10.11	9.55
Textile Mill Products	187.62	190.63	187.08	35.2	35.9	36.9	5.33	5.31	5.07
Apparel	179.82	173.96	174.80	33.8	32.7	35.1	5.32	5.32	4.98
Paper & Allied Products	512.72	495.22	469.83	39.9	41.2	41.8	12.85	12.02	11.24
Printing & Publishing	357.27	358.57	326.54	33.8	33.7	34.3	10.57	10.64	9.52
Construction 4/	531.00	513.28	506.89	33.8	32.1	34.6	15.71	15.99	14.65
Communications & Utilities 5/	415.17	405.00	392.62	38.3	38.1	39.9	10.84	10.63	9.84
Trade 5/	280.26	275.95	262.20	34.6	33.9	34.5	8.10	8.14	7.60
Wholesale Trade	379.46	368.81	341.56	39.2	38.1	37.7	9.68	9.68	9.06
Retail Trade	225.98	223.34	218.11	32.1	31.5	32.7	7.04	7.09	6.67
Banking & Insurance	241.46	237.83	213.92	NA	NA	NA	NA	NA	NA
State & Local Government	293.72	290.87	266.95	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

THE CONSUMER PRICE INDEX (CPI)

The Consumer Price Index (CPI) shows what changes are taking place in the purchasing power of the dollars we spend. The index tells how the cost of the same market basket of goods and services changes over time by recording the prices of goods and services an average family buys. It is important to remember that it is a price index and not a cost-of-living index - although it is often referred to as the latter, and is often used that way. The CPI does not attempt to report changes in the style of living. It simply measures the changes in prices for a scientifically-selected market basket based on the average experience of certain population groups.

There are two indexes. The older, Urban Wage Earners & Clerical Workers was initially designed to reflect price changes for services and goods consumed by lower income earners. The newer CPI for All Urban Consumers reflects the buying habits of about 80% of the civilian population. This newer coverage added several groups whose incomes are often higher than average: self-employed, professional, white collar, and other salaried workers. Also included are several groups whose income tends to be lower: retired persons, others not in the labor force, and the unemployed. Neither index includes persons in the military services or in institutions, or persons living outside urban areas, such as farm families.

Both versions of the CPI are designed to represent goods and services purchased by American families for day-to-day living, - including both necessities and luxuries. Among the items are food, apparel and its upkeep, housing, medical care, transportation, and entertainment. The sample excludes personal life insurance, income and personal taxes, but includes real estate taxes and sales and excise taxes. Investment items such as stocks and bonds are excluded. Since the CPI is based on expenditures, it does not reflect noncash consumption, such as food grown at home, fringe benefits received as part of a job, services supplied by government agencies without payment of a special tax fee, and so on.

The Bureau of Labor Statistics employs data collectors to obtain the price information of the items of the survey. The information is collected from a wide variety of retail stores and service establishments such as food stores, barber shops, doctor' offices, etc. Each month, these data collectors visit the selected establishments to price the items in the surveys' market basket.

Presently both of the indexes have a 1967 reference base. That is, the price of a specific item in 1967 is entered as 100, and changes are indicated in relation to that figure. An index of 110 means there has been a 10% increase in prices since 1967; similarly, an index of 90 means a 10% decrease. Movements of the index from one date to another are expressed as percent changes.

To compute the percent change from one period to another, the following method is used.

All Urban Consumer Index - Portland SMSA
January 1982 = 288.4
January 1981 = 266.4
288.4 - 266.4 = 1.083
the % change over the year is 8.3%

In addition to the national CPI, indexes are issued for 28 major metropolitan areas, including Portland. While national data are computed monthly, Portland SMSA indexes are done every two months.

Current national and Portland SMSA CPI data are available from the Portland Hotline 221-4132. The release date is usually around the 23rd of the following month: June data were released on July 23.

CONSUMER PRICE INDEX
ALL ITEMS

	PORTLAND SMSA				UNITED STATES			
1982	All Urban Consumers	% Change Over the Year	Urban Wage Earners & Clerical Workers	% Change Over the Year	All Urban Consumers	% Change Over the Year	Urban Wage Earners & Clerical Workers	% Change Over the Year
J	288.4	8.3	285.5	7.7	282.5	8.4	282.1	8.2
F					283.4	7.7	282.9	7.4
M	286.7	6.9	283.9	6.3	283.1	6.8	282.5	6.5
A					284.3	6.6	283.7	6.3
M	282.1	1.3	279.7	1.3	287.1	6.7	286.5	6.5
J					290.6	7.1	290.1	6.9

S6615-2

STATE OF OREGON
EMPLOYMENT DIVISION
DEPARTMENT OF HUMAN RESOURCES

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Mar. 1982	3/ Feb. 1982	Mar. 1981	2/ Mar. 1982	3/ Feb. 1982	Mar. 1981	2/ Mar. 1982	3/ Feb. 1982	Mar. 1981
TOTAL MANUFACTURING 4/	$370.63	$369.08	$349.65	37.4	37.7	37.8	$9.91	$9.79	$9.25
Durable Goods	378.89	378.86	354.74	37.7	38.0	37.9	10.05	9.97	9.36
Lumber & Wood Products	381.39	380.07	361.19	37.1	36.9	37.9	10.28	10.30	9.53
Logging & Sawmills	404.06	403.65	378.49	36.9	37.1	37.4	10.95	10.88	10.12
Veneer & Plywood	385.82	382.98	380.40	38.2	37.4	40.0	10.10	10.24	9.51
Millwork & Struct Wood	298.29	309.52	270.92	36.2	36.5	35.6	8.24	8.48	7.61
Mobile Homes	241.68	257.21	256.02	31.8	34.9	34.0	7.60	7.37	7.53
Other Wood Products	351.36	338.95	346.37	36.6	34.8	38.4	9.60	9.74	9.02
Furniture & Fixtures	196.80	184.21	235.29	24.6	23.2	34.1	8.00	7.94	6.90
Primary Metals	493.29	496.13	444.96	40.6	40.7	39.8	12.15	12.19	11.18
Fabricated Metals	361.49	361.13	329.25	37.0	37.5	37.5	9.77	9.63	8.78
Machinery	382.21	392.32	350.34	37.0	38.5	36.8	10.33	10.19	9.52
Nondurable Goods	349.38	343.55	333.38	36.7	37.1	37.5	9.52	9.26	8.89
Food & Kindred Prod	302.72	302.74	296.12	35.2	36.3	36.2	8.60	8.34	8.18
Canning & Preserving	247.13	249.52	247.44	33.9	34.8	34.9	7.29	7.17	7.09
Other Food Products	373.80	378.46	354.94	36.9	38.5	37.8	10.13	9.83	9.39
Textile Mill Products	199.65	199.65	181.83	36.3	36.7	34.9	5.50	5.44	5.21
Apparel	180.20	181.26	173.30	34.0	34.2	34.8	5.30	5.30	4.98
Paper & Allied Products	488.82	479.40	450.73	40.6	40.8	41.2	12.04	11.75	10.94
Printing & Publishing	385.57	368.89	368.03	35.8	35.3	37.1	10.77	10.45	9.92
Construction 4/	519.42	503.67	503.08	33.0	32.6	34.6	15.74	15.45	14.54
Communications & Utilities 5/	436.69	417.49	377.55	40.1	38.8	39.7	10.89	10.76	9.51
Trade 5/	276.89	276.21	260.54	34.1	34.1	34.6	8.12	8.10	7.53
Wholesale Trade	368.45	373.07	339.21	38.5	38.5	37.9	9.57	9.69	8.95
Retail Trade	224.99	221.20	216.81	31.6	31.6	32.8	7.12	7.00	6.61
Banking & Insurance	236.08	232.82	215.96	NA	NA	NA	NA	NA	NA
State & Local Government	289.35	291.25	262.14	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

STATE OF OREGON
EMPLOYMENT DIVISION
DEPARTMENT OF HUMAN RESOURCES

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ Feb. 1982	3/ Jan. 1982	Feb. 1981	2/ Feb. 1982	3/ Jan. 1982	Feb. 1981	2/ Feb. 1982	3/ Jan. 1982	Feb. 1981
TOTAL MANUFACTURING 4/	$364.13	$365.40	$344.96	37.5	37.4	37.7	$9.71	$9.77	$9.15
Durable Goods	374.60	371.25	351.16	37.8	37.5	37.8	9.91	9.90	9.29
Lumber & Wood Products	376.25	368.94	364.24	36.6	36.1	38.1	10.28	10.22	9.56
Logging & Sawmills	406.57	396.76	388.48	37.3	36.4	37.9	10.90	10.90	10.25
Veneer & Plywood	365.76	367.92	373.01	36.0	36.5	39.1	10.16	10.08	9.54
Millwork & Struct Wood	309.52	299.27	281.98	36.5	36.1	37.2	8.48	8.29	7.58
Mobile Homes	257.21	244.82	261.05	34.9	33.4	34.9	7.37	7.33	7.48
Other Wood Products	332.99	308.48	345.27	34.4	32.0	37.9	9.68	9.64	9.11
Furniture & Fixtures	179.80	204.43	216.60	23.2	27.7	31.9	7.75	7.38	6.79
Primary Metals	496.13	498.17	441.69	40.7	40.7	40.3	12.19	12.24	10.96
Fabricated Metals	361.13	355.50	315.50	37.5	37.5	36.9	9.63	9.48	8.55
Machinery	377.34	376.41	348.94	40.1	37.2	37.2	9.41	10.12	9.38
Nondurable Goods	335.81	349.11	323.76	36.7	37.1	37.3	9.15	9.41	8.68
Food & Kindred Prod	292.50	309.51	281.88	36.2	36.2	36.0	8.08	8.55	7.83
Canning & Preserving	232.84	249.36	236.90	34.7	34.3	35.2	6.71	7.27	6.73
Other Food Products	378.46	386.61	337.24	38.5	38.7	37.1	9.83	9.99	9.09
Textile Mill Products	199.65	201.83	179.57	36.7	36.3	34.8	5.44	5.56	5.16
Apparel	181.26	180.23	172.16	34.2	34.2	34.5	5.30	5.27	4.99
Paper & Allied Products	479.40	484.10	448.13	40.8	41.2	41.0	11.75	11.75	10.93
Printing & Publishing	342.23	365.39	345.11	32.5	34.7	35.8	10.53	10.53	9.64
Construction 4/	503.67	483.53	477.90	32.6	30.7	32.8	15.45	15.75	14.57
Communications & Utilities 5/	417.49	410.96	382.00	38.8	38.3	40.0	10.76	10.73	9.55
Trade 5/	268.11	270.27	260.88	33.1	33.7	34.6	8.10	8.02	7.54
Wholesale Trade	373.07	371.89	339.85	38.5	38.3	38.1	9.69	9.71	8.92
Retail Trade	211.70	214.97	217.13	30.2	31.2	32.7	7.01	6.89	6.64
Banking & Insurance	232.82	234.23	215.49	NA	NA	NA	NA	NA	NA
State & Local Government	291.25	293.38	262.52	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

6/ Production workers earnings after deductions for federal and social security taxes adjusted to constant dollars by the U.S. Consumer Price Index.

9/10/82 56615-24

OREGON LABOR TRENDS

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

Prepared by Research and Statistics Section

August 1982

JULY INDICATORS

UNEMPLOYMENT RATE

	S.A.	Actual
Oregon		
July '82	10.7	10.3
June '82	11.0	10.9
U.S.		
July '82	9.8	9.8
June '82	9.5	9.8

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1972=100
July 1982:	125.2
June 1982:	125.6
July 1981:	131.8
July 1980:	132.8
July 1979:	136.7

DIFFUSION INDEX

Oregon	
July 1982:	35.0
June 1982:	36.2
May 1982:	32.9

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
June 1982:	38.7
May 1982:	38.0
June 1981:	37.6

CONSUMER PRICE INDEX (CPI)

1967=100

ALL URBAN CONSUMERS

Portland SMSA	
July 1982	292.5
Year Change	4.2 %
U.S.	
July 1982	292.2
Year Change	6.5 %

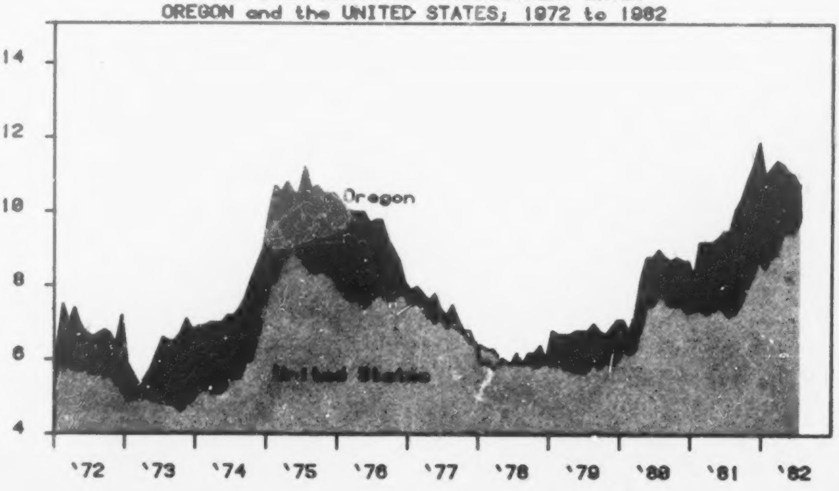
NO REBOUND THIS SUMMER

Oregon's economy showed a glimmer of life in July, but bad news was also evident. The unemployment rate in the state (seasonally adjusted) dipped .3 from 11.0% in June to 10.7% in July. This was the first time since last October that the rate has gone under 11.0%. Meanwhile, unemployment for the nation showed an opposite trend rising .3 from 9.5% in June to 9.8% in July.

The nation's 9.8% figure was the highest since the government began compiling monthly jobless statistics in 1948. The previous published high was an annual unemployment rate of 9.9% for 1941.

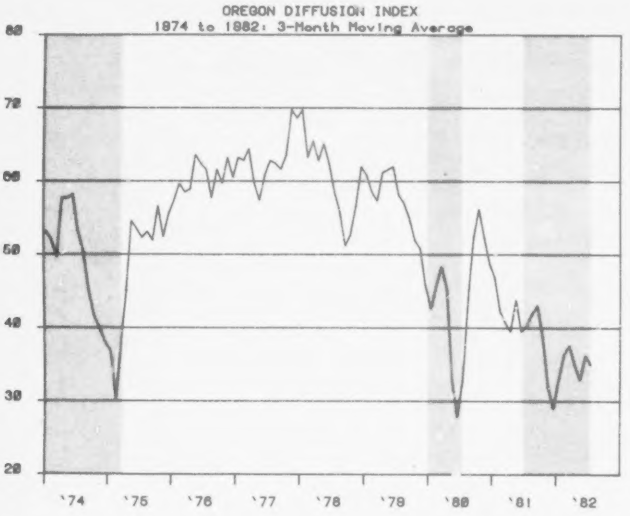
The count of unemployed Oregonians dropped 9,300 to 135,800 in July chiefly due to three reasons. First, much of Oregon's employment is seasonally oriented. Employers in logging, construction, agriculture and tourism gear up for their fair-weather activities. Second, more workers without jobs are becoming too discouraged to continue looking for work in the economy. Nationally, one out of every eight unemployed workers has given up looking because they could not find work or they think no job is available. Those who do not actively seek work are not counted in the unemployment statistics. Third, Oregon is experiencing a net out-migration for the first time in recent history. The number of workers leaving Oregon and filing for unemployment insurance is exceeding the number of those entering the state. Unemployed workers leaving Oregon are not counted in Oregon's unemployment.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES
OREGON and the UNITED STATES; 1972 to 1982



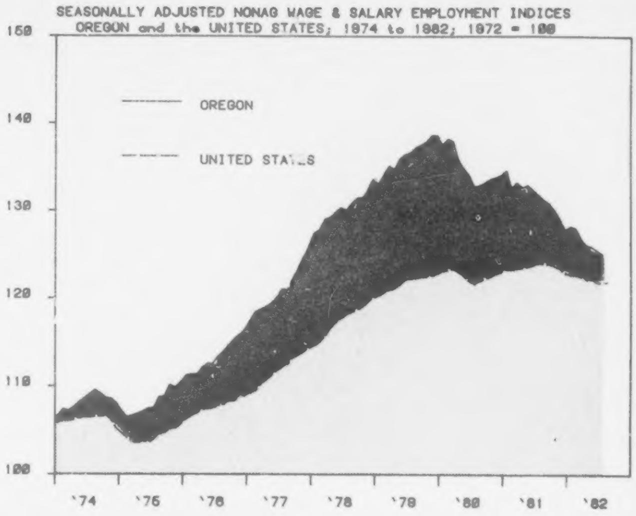
Total nonfarm employment fell 20,700 to 964,800 in July, the lowest figure recorded since 1978. The drop was largely the result of expected reductions in the educational sector due to the summer closure of schools. Nevertheless, the nonfarm employment downturn was 5,000 more than would be expected under normal seasonal conditions. As a result, the wage and salary employment index dropped .4 to 125.2 (1972=100).

The Oregon diffusion index also dropped to 35.0 from 36.2 a month earlier. The diffusion index shows the percent of industries in which seasonally adjusted employment increased. The index is heavily weighted towards the manufacturing industries - industries which have usually been forerunners of changes in the economy. The current drop, and its waffling since late 1981 indicates that an economic turnaround is not nearby. This index is used as a leading indicator. As a rule of thumb an economic upturn cannot be expected until four to six months following an upturn in the diffusion index.


OREGON DIFFUSION INDEX
1974 to 1982: 3-Month Moving Average

Activity was disappointing in two bellwether industries, lumber and construction, where employment dipped 500 and edged up only 100, respectively. Vacation shutdowns in the lumber and wood products industry plus a decline in logging product demand caused seasonally adjusted employment to fall by 2,000 from June. Some of the vacation shutdowns have turned into indefinite closures.

In construction, July's seasonally adjusted decline of 1,500 is not surprising with the current high mortgage rates. Mortgage rates currently quoted average about 16½%. That's down substantially from the 18% quoted earlier this year. Although short-term rates have recently dropped, lenders are reluctant to make meaningful cuts in mortgage and other long-term interest rates until they're sure that lower rates are here to stay. Many observers feel it will take a return to the 13-14% mortgage rate to revive the housing market.


SEASONALLY ADJUSTED NONAG WAGE & SALARY EMPLOYMENT INDICES
OREGON and the UNITED STATES; 1974 to 1982; 1972 = 100

On a more positive note, agricultural employment showed an increase of over 5,200 workers. Related food processing employment also shot up 5,000 over the month with the onslaught of the canning season. Disruptions from labor/management disputes came too late in the month to impact the July midmonth statistics. Approximately 6,000 workers were on strike at the peak of the disputes which lasted about two weeks.

Transportation equipment manufacturing posted a 600 increase in employment. A large portion was due to increases in ship repairs. Historically this sector is subject to large swings in employment as repair jobs are started and completed.

Trade offered some optimism as employment climbed 1,300 over the month. The advance equates to a seasonally adjusted upswing of 1,800. Unfortunately, the advances were limited primarily to retail trade with wholesale trade employment remaining flat. In addition, reports received from employers in the wholesale sector indicate there is little chance for improvement anytime soon. Retail trade, on the other hand, received its boost from food stores and general merchandise, up 900 and 600 respectively.

In services, total employment fell 2,400 on the heels of losses in the other services category, which dropped 1,800. While a seasonal decline in private education accounted for a large share of the decline, losses were also reported in business and miscellaneous services. The weakness in overall employment led to a seasonally adjusted decline of 2,200.

One small note of encouragement came from the average weekly hours of Oregon's manufacturing production workers. The average workweek climbed sharply from 38.0 in May to 38.8 in June. Experience shows that employers tend to expand the workweek before hiring additional employes. For more details see the article in this issue titled HOURS AND EARNINGS.

The following table compares employment in the larger industry sectors for July of 1982 and 1979. It is no surprise that the hardest hit sector numerically is lumber and wood manufacturing. However three industry sectors, led by construction and includes manufacturing of transportation equipment and primary metals have suffered proportionately greater drops. Employment in construction has fallen over 44% since July 1979.

While some sectors of the economy have been devastated, other major industries have been almost untouched. Electrical equipment, utilities, and health services posted increases while food products manufacturing remained unchanged.

	July 1982	July 1979	Number Change	Per Cent Change
Total	964,800	1,059,500	-94,700	- 8.9
Total Manufacturing	194,400	237,300	-42,900	-18.1
Lumber & Wood Products	58,400	84,700	-26,300	-31.1
Primary Metals	7,800	11,400	- 3,600	-31.6
Fabricated Metals	9,700	13,700	- 4,000	-29.2
Machinery	16,500	17,600	- 1,100	- 6.3
Electrical Equipment	10,400	8,900	+ 1,500	+16.9
Transportation Equipment	8,100	12,300	- 4,200	-34.1
Instruments & Related	17,200	18,500	- 1,300	- 7.0
Food & Kindred	27,500	27,500	0	0
Paper & Allied	9,900	10,800	- 900	- 8.3
Other Manufacturing	28,900	31,900	- 3,000	- 9.4
Total Nonmanufacturing	770,400	822,200	-51,800	- 6.3
Mining & Quarrying	2,300	2,700	- 400	-14.8
Construction	32,100	57,700	-25,600	-44.4
Transportation	31,700	36,700	- 5,000	-13.6
Communications	15,800	16,100	- 300	- 1.9
Utilities	9,200	8,400	+ 800	+ 9.5
Wholesale Trade	63,200	67,300	- 4,100	- 6.1
Retail Trade	183,300	189,600	- 6,300	- 3.3
Finance, Ins., & R.E.	66,000	70,800	- 4,800	- 6.8
Hotel & Personal Service	23,700	25,000	- 1,300	- 5.2
Health Services	63,800	60,100	+ 3,700	+ 6.2
Other Services	99,100	101,700	- 2,600	- 2.6
Federal Government	31,000	32,400	- 1,400	- 4.3
State Government	48,100	51,900	- 3,800	- 7.3
Local Government	101,100	101,800	- 700	- 0.7

Whatever happened to the summer rebound in the economy? It was supposed to be well on its way by now. The general consensus is that we are in a transition period. Many economists believe the worst of the recession is over but that recovery can't begin until production at the nation's factories picks up. Improvement in retail sales is necessary to stimulate industrial production and employment. Most economists expect the recovery from the recession to be led by consumer spending. The rebuilding of depleted inventories will then add "oomph" to the economy. The personal tax cuts have not had much visible impact yet, but they are expected to have a cumulative effect. Consumers may save for several months until they have enough for some major purchases. It might be the Christmas season before consumers increase their spending. The tax increase bill ($99 billion) recently approved by Congress leaves the personal tax cuts largely intact - focusing instead on the business sector.

But let's not pull any punches. Because of the tenaciously high mortgage rates, Oregon's recovery will lag the nation's. This is a new phenomenon since historically, Oregon's economy has rebounded earlier than most others. The early rebounds were due to the stimulus of lower interest rates on the housing and building materials industries. This is going to be a hard winter with unemployment rates in double digits and there is little if anything anyone in Oregon can do to solve this immediate problem.

QUESTIONS AND ANSWERS

Q. How do you account for the fact that in times of high unemployment numerous job openings are listed in newspapers throughout the country?

A. It is true that there are job vacancies even when unemployment is high. While it might appear that the number of unemployed persons could be reduced at least by the number of job vacancies, this is not readily achievable. It is most frequently the case that the unemployed worker does not have the skills or training desired by the employer nor the aptitude demanded by the job duties. It may be that the acceptance of a job would require the worker to pick up and move. It is not always easy or possible for the jobless to do so. Finally some jobless workers do not want a job that does not fully utilize their skills or that pays less than they previously received. Many of these workers will continue to look for a job better suited to their skills as long as their savings hold out. All of these factors help explain why there may be unemployment and job vacancies at the same time, even during recessions.

Q. What is seasonal adjustment?

A. Most economic series, including employment and unemployment data, are affected by seasonal variations. Often it is difficult to tell from raw statistics whether developments between any two months reflect changing economic conditions or merely normal seasonal fluctuations. So, to compare employment and unemployment data for any pair of months accurately, a statistical technique known as seasonal adjustment is used. In Oregon there are a number of seasonal fluctuations in employment and unemployment that occur more or less regularly each year -- crop seasons, changes in weather, opening and closing of schools, major holidays, and the like. The cumulative effects of these events are often large -- on average, they explain well over half the over-the-month change in the unemployment figures. The object of seasonal adjustment, then, is to eliminate the seasonal variations that usually occur in the month and highlight the change, if any, that exceeded the normal or expected change. Without this separation of the seasonal component of month-to-month changes, the continuing trend in the particular series would be more difficult to discern.

ANNUAL ECONOMIC REPORT STATE OF OREGON – 1982

A limited number of copies of the 1982 report are now available. This statewide annual report includes a review and outlook of Oregon's economic situation. Population characteristics, labor force, and income analysis are also featured. This publication takes the place of the Annual Planning Information which is no longer published.

For your copy contact:
Employment Division R&S
875 Union St. N.E.
Salem, OR 97311
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RESIDENT OREGON LABOR FORCE

	1/ July 1982	2/ June 1982	Change	% Change	5/ July 1981
Civilian Labor Force 3/	1,312,100	1,330,000	-17,900	-1.3%	1,347,700
Unemployment	135,800	145,100	- 9,300	-6.4%	121,400
Percent of Labor Force	10.3	10.9	xxx	xxx	9.0
Seasonally Adjusted Percent	10.7	11.0	xxx	xxx	9.5
Total Employment 4/	1,176,300	1,184,900	- 8,600	-0.7%	1,226,300

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1980 and January 1981, data for 1981 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	July 1982	June 1982	July 1981	Change From June 1982	Change From July 1981
TOTAL 1/	964,800	985,500	1,016,900	-20,700	-52,100
Wage & Salary Employment Index (Seasonally Adjusted)	125.2	125.6	131.8	xxx	xxx
Total Manufacturing	194,400	188,300	210,900	6,100	-16,500
Durable Goods	136,400	136,600	152,700	- 200	-16,300
Lumber & Wood Products	58,400	58,900	68,400	- 500	-10,000
Logging & Sawmills	29,500	30,000	36,500	- 500	- 7,000
Veneer & Plywood	18,100	18,100	19,800	0	- 1,700
Millwork & Structural Wood	6,000	5,900	6,300	100	- 300
Mobile Homes	1,500	1,400	1,900	100	- 400
Other Wood Products	3,300	3,500	3,900	- 200	- 600
Furniture & Fixtures	2,000	1,900	2,400	100	- 400
Stone, Clay, Glass, & Concrete	3,900	3,900	4,000	0	- 100
Primary Metals	7,800	7,900	10,000	- 100	- 2,200
Blast Furnaces, Iron & Steel	4,100	4,200	5,700	- 100	- 1,600
Nonferrous Metals	3,700	3,700	4,300	0	- 600
Fabricated Metals	9,700	9,900	11,100	- 200	- 1,400
Fabricated Structural Metals	3,900	3,900	4,300	0	- 400
Other Fabricated Metals	5,800	6,000	6,800	- 200	- 1,000
Machinery	16,500	16,900	18,700	- 400	- 2,200
Electrical Equipment & Supplies	10,400	10,300	10,100	100	300
Transportation Equipment	8,100	7,500	7,500	600	600
Instruments & Related Products	17,200	17,000	17,900	200	- 700
Miscellaneous Manufacturing	2,400	2,400	2,600	0	- 200
Nondurable Goods	58,000	53,200	58,200	4,800	- 200
Food & Kindred Products	27,500	22,400	26,900	5,100	600
Canning & Preserving	17,000	12,000	16,300	5,000	700
Other Food Products	10,500	10,400	10,600	100	- 100
Textile Mill Products	2,000	1,900	1,800	100	200
Apparel	2,900	3,000	2,900	- 100	0
Paper & Allied Products	9,900	10,200	10,700	- 300	- 800
Printing & Publishing	10,300	10,300	10,300	0	0
Chemicals & Allied Products	2,100	2,200	2,300	- 100	- 200
Petroleum Refining	500	400	500	100	0
Rubber & Plastic Products	2,500	2,500	2,500	0	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	July 1982	June 1982	July 1981	June 1982	July 1981
(cont.)					
Total Nonmanufacturing	770,400	795,700	806,000	-25,300	-35,600
Mining & Quarrying	2,300	2,300	2,500	0	- 200
Construction	32,100	32,000	40,500	100	- 8,400
Transportation, Communications, & Utilities	56,700	56,900	60,000	- 200	- 3,300
Transportation	31,700	32,100	34,600	- 400	- 2,900
Railroad	6,200	6,200	7,100	0	- 900
Trucking & Warehousing	15,700	15,800	17,300	- 100	- 1,600
Other Transportation	9,800	10,100	10,200	- 300	- 400
Communications	15,800	15,700	16,100	100	- 300
Utilities	9,200	9,100	9,300	100	- 100
Trade	246,500	245,200	255,300	1,300	- 8,800
Wholesale Trade	63,200	63,200	67,400	0	- 4,200
Durable Goods	36,400	37,000	41,400	- 600	- 5,000
Nondurable Goods	26,800	26,200	26,000	600	800
Retail Trade	183,300	182,000	187,900	1,300	- 4,600
General Merchandise	23,900	23,300	24,600	600	- 700
Food Stores	26,700	25,800	27,400	900	- 700
Auto Dealers & Service Stations	22,400	22,300	23,400	100	- 1,000
Other Retail Trade	110,300	110,600	112,500	- 300	- 2,200
Finance, Insurance, & Real Estate	66,000	65,500	69,500	500	- 3,500
Banking & Credit Agencies	23,900	23,900	25,400	0	- 1,500
Other Finance, Insurance, & Real Estate	42,100	41,600	44,100	500	- 2,000
Services	186,600	189,000	193,600	- 2,400	- 7,000
Hotels & Personal Services	23,700	24,200	25,100	- 500	- 1,400
Health Services	63,800	63,900	65,100	- 100	- 1,300
Other Services	99,100	100,900	103,400	- 1,800	- 4,300
Government	180,200	204,800	184,600	-24,600	- 4,400
Federal Government	31,000	31,100	31,700	- 100	- 700
State Government	48,100	52,800	50,200	- 4,700	- 2,100
Education	18,000	22,600	19,400	- 4,600	- 1,400
Other State	30,100	30,200	30,800	- 100	- 700
Local Government	101,100	120,900	102,700	-19,800	- 1,600
Education	54,200	75,100	55,000	-20,900	- 800
Other Local	46,900	45,800	47,700	1,100	- 800
Labor-Management Disputes	100	500	300	- 400	- 200

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* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

HOURS AND EARNINGS

Average weekly hours offered room for some optimism in June, moving up to 38.8 from 38.0 a month earlier. The manufacturing workweek average is now at its highest point since the summer of 1980. Recent gains in this economic indicator are particularly encouraging because average weekly hours usually act as a leading indicator of changes in the business cycle. Employers generally extend the workweek of their existing staff before hiring additional workers.

Oregon's production worker hourly earnings average rose $.13 to $10.18 in June, and $.62 (6.5%) per hour over the year. The increase over May was chiefly the result of cost of living increases in the durable goods sector. Coupled with an increase of 1,400 production workers, employment a slight improvement was posted entering the summer months. This is traditional, as employment tends to pick up during the summer; however, when compared with June 1981, there was still no great cause for celebration. Production worker employment was still down by 1,900 over the year and the 6.5% increase in hourly earnings was basically just keeping up with the increase in consumer prices for the same time period. Another contributing influence to the increase is that as layoffs occur, employes with less seniority and lower pay rates traditionally go first. This action forces the earnings averages up because of a greater percentage of higher-paid employes.

Lumber and wood products reflected a rise of $.50 in hourly earnings over month ago levels; again due chiefly to cost of living increases. A glimmer of improvement was reflected in the .5 increase in weekly hours. However, a look behind the scenes indicates that a great deal of responsibility for the improvement may be short lived. For example in mobile homes increased production activities in preparation for scheduled vacation shutdowns accounted for much of the activity.

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	2/ June 1982	3/ May 1982	June 1981	2/ June 1982	3/ May 1982	June 1981	2/ June 1982	3/ May 1982	June 1981
TOTAL MANUFACTURING 4/	$394.98	$381.90	$357.95	38.8	38.0	37.6	$10.18	$10.05	$9.56
Durable Goods	405.72	390.14	368.60	39.2	38.4	38.0	10.35	10.16	9.70
Lumber & Wood Products	426.41	401.58	381.11	39.3	38.8	37.4	10.85	10.35	10.19
Logging & Sawmills	456.55	435.51	410.72	39.7	39.2	38.1	11.50	11.11	10.78
Veneer & Plywood	425.18	395.07	372.50	38.9	39.0	36.2	10.93	10.13	10.29
Millwork & Struct Wood	315.93	306.10	302.30	39.1	38.6	37.6	8.08	7.93	8.04
Mobile Homes	298.78	232.37	275.26	35.4	30.9	35.2	8.44	7.52	7.82
Other Wood Products	392.70	366.70	357.77	38.5	38.0	37.7	10.20	9.65	9.49
Furniture & Fixtures	228.90	197.82	219.87	28.4	25.2	31.5	8.06	7.85	6.98
Primary Metals	476.35	465.21	455.66	39.4	38.8	39.9	12.09	11.99	11.42
Fabricated Metals	362.27	364.82	344.45	36.3	36.3	36.8	9.98	10.05	9.36
Machinery	396.13	393.57	372.86	38.2	38.1	38.4	10.37	10.33	9.71
Nondurable Goods	362.25	358.06	326.84	37.5	36.8	36.6	9.66	9.73	8.93
Food & Kindred Prod	303.45	315.30	283.37	35.0	36.2	34.6	8.67	8.71	8.19
Canning & Preserving	240.57	250.91	229.65	33.0	34.8	32.3	7.29	7.21	7.11
Other Food Products	384.92	389.34	369.21	37.7	37.8	38.3	10.21	10.30	9.64
Textile Mill Products	211.83	187.62	189.81	39.3	35.2	37.0	5.39	5.33	5.26
Apparel	226.03	179.82	175.15	43.3	33.8	35.1	5.22	5.32	4.98
Paper & Allied Products	529.13	512.72	474.03	41.5	39.9	41.4	12.75	12.85	11.45
Printing & Publishing	368.53	357.27	334.86	34.8	33.8	34.7	10.59	10.57	9.65
Construction 4/	554.36	531.00	522.23	34.8	33.8	34.2	15.93	15.71	15.27
Communications & Utilities 5/	428.06	415.17	406.40	39.2	38.3	40.0	10.92	10.84	10.16
Trade 5/	284.32	279.45	265.65	34.8	34.5	34.5	8.17	8.10	7.70
Wholesale Trade	380.44	379.46	349.86	39.1	39.2	37.7	9.73	9.68	9.28
Retail Trade	231.34	224.26	219.42	32.4	31.9	32.7	7.14	7.03	6.71
Banking & Insurance	241.23	241.46	220.78	NA	NA	NA	NA	NA	NA
State & Local Government	292.21	293.72	262.49	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

Veneer & plywood, still responding to soft market conditions, showed a slight decline in the workweek. But even the lackluster showing by veneer & plywood offered some good news; the June 1982, level was 2.7 hours per week greater than the year ago level.

In the nondurable goods sector, seasonal hiring by canning & preserving firms was responsible for an increase of 1,100 production workers. The increased production activity caused a .7 hour jump in weekly hours but drove down the hourly earnings by $.07. Other food products lost ground in both hourly earnings and weekly hours due to a significant drop in overtime hours. Apparel & textile mill products increased weekly hours by 9.5 and 4.1 respectively over May levels. Preparations for upcoming vacations coupled with employes working and receiving vacation credit were given as the reasons for the dramatic increases.

In the nonmanufacturing sector, the construction worker statistics improved slightly with increases in hourly earnings and weekly hours of $.22 and 1.0, respectively. Added to this was an increase of 1,100 production workers over the previous month. Although wholesale trade displayed a healthy increase in weekly hours over April, the increase proved to be shortlived between May and June; reflecting continued pessimism in the health of the economy.

The illusive "ups" and the persistent "downs" being exhibited over the past two or three months appear to give credence to the claims that recovery will be slow. Indeed the going is slow and very "spotty". While some sectors are showing mild improvement, others are falling further behind. Every month brings new hope that the following month will give tangible proof that the recession has bottomed out and the economy is starting the long steep climb out. Maybe next month.

OCCUPATIONS OF THE FUTURE

What occupations will be needed in the future? No one really knows. The best thing we can do is look at what's happened in the past and attempt to predict where these trends will take us. Experience has taught us that most trends do not continue forever. At one time in our history, employment of telephone operators grew at such a tremendous rate that some forecasters predicted that every woman in the labor force would be a telephone operator some time in the near future. This did not happen, of course, because of the continual search for faster and more efficient equipment and machines to do tasks once done by humans. Predicting the how, when, and where technological change will occur is the most difficult aspect of making occupational projections. To help get a better understanding of the effects of technological and other changes on employment, the Bureau of Labor Statistics and a group of pilot states (including Oregon) designed a survey program called the Occupational Employment Statistics (OES) program in the early 1970's.

The OES program is a good example of how federal and state governments can work together to serve both national and local needs. By having the states pick the sample of participating employers and collect the occupational data, the states receive valid information for their local needs. The federal government's responsibilities include defining the occupations, designing and printing the questionnaires, and other technical assistance. In return they receive data that is comparable from state-to-state and can be used for national projections of occupational change.

Through the use of random sample surveys, the OES program measures the number of workers employed in each occupation in each industry. It takes three years to cover all industries. This three year period is called a survey cycle. By repeating the cycle and comparing the results, changes that occur in the demand for an occupation can be detected.

Just recently, survey results from two complete OES survey cycles have become available. The first set of measurements were made from 1975 through 1977 and the second set from 1978 through 1980. At this point the analysis is very preliminary and the data will have to be studied thoroughly before detailed conclusions can be reached. The science of statistics warns of the risks of error when trying to establish a trend with only two points on a graph. Just imagine the harm that would result if a declining occupation were said to be growing because of an atypical situation during the time of our survey or an error in the data. On the other hand, if we wait until we are 99% sure of our conclusions, the information will be old and have lost a great deal of its usefulness.

A comparison of the two OES surveys often points to several causes of change in employment of occupations. In most cases two or more factors are at work at the same time. Sometimes these factors push in opposite directions. A good example of this is occuring in the demand for air conditioning/refrigeration mechanics. As the cost of energy escalated in the 70's, heat pumps were installed in place of conventional gas, oil, or electric furnaces. This resulted in a dramatic increase in the demand for air conditioning/refrigeration mechanics. This occupation increased from 1.6% of the employment in the plumbing, heating, and air conditioning industry in May of 1975 to 4.7% by May of 1978. Presently the percent is possibly greater than 4.7% but the industry as a whole has declined by such a large amount since 1979 that the total number of workers employed as air conditioning/refrigeration mechanics has probably declined.

Changes in several occupations in the two survey cycles appear to be related to advancement in computer technology. The small size and powerful capabilities of micro-processor technology has lead to applications not even imagined ten years ago. Computerized graphics have sharply reduced the demand for drafters. Several clerical occupations have been affected. Typists are becoming word processor operators. Bookkeeping and billing machine operators are being replaced by video entry operators. Central office telephone operators are being replaced by computerized automatic switching and billing equipment. As expected, computer support personnel such as data processing control clerks grew rapidly between the two survey cycles.

Legislation and regulatory changes have also affected the demand for some occupations. Reduced regulation of airlines has increased demand for airplane pilots in Oregon as small companies took over routes once served by large national airlines. In Oregon, legislation formally defined the qualifications for emergency medical technicians which had evolved through technological breakthrough and the desire to better serve the health needs of the population.

The cyclical and seasonal nature of some industries can change the demand for occupations very quickly. The current depression in the housing industry has sharply reduced the demand for construction craftworkers. Employment of cannery workers fluctuates widely with the harvesting of local crops. Occupations in lumber and wood products not only expand and contract with the demand for lumber, plywood and millwork, but are also affected by restrictions on the supply of timber available during peak demand periods.

The examples mentioned above are but a few of the many occupations that are changing relative to the whole of the labor force. The most striking conclusion that surfaces when analyzing the OES data base however is a remarkable consistency considering all the variables involved. The majority of occupations were found in very similar relative proportions from survey to survey.

Overall patterns of occupational employment change slowly. Rapid change in the demand for most occupations is unlikely. As a result, the occupations that will be needed in the future are for the most part, the same occupations that are needed today. And with the data that is now available through the OES program, we are able to detect changing demand for occupations much more quickly than in the past.

For more information contact Ed Bissell or Dave Lutz at:

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OREGON LABOR TRENDS

The Oregon Labor Trends is published monthly by the Research and Statistics Section of the Oregon Employment Division, Raymond P. Thorne, Administrator.

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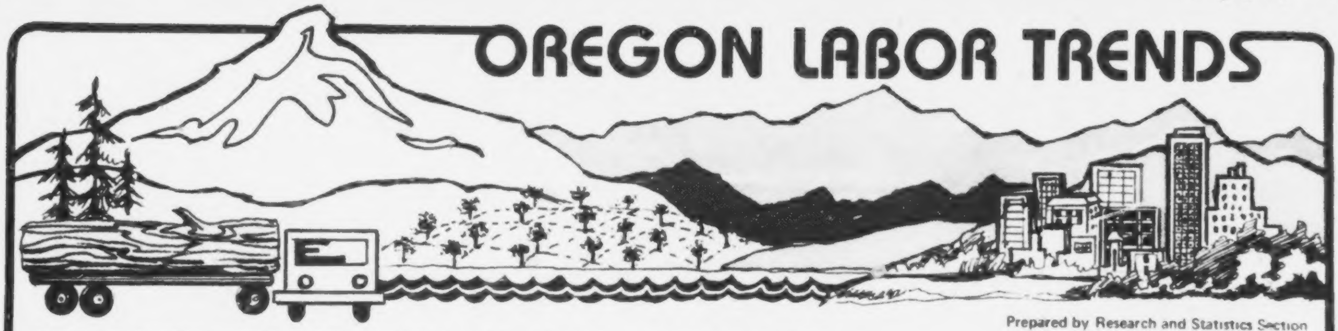


STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES
Prepared by Research and Statistics Section
September 1982

AUGUST INDICATORS

UNEMPLOYMENT RATE

Oregon	S.A.	Actual
Aug. '82	10.8	10.1
July '82	10.7	10.3
U.S.		
Aug. '82	9.8	9.6
July '82	9.8	9.8

WAGE AND SALARY EMPLOYMENT INDEX

Oregon	1972=100
Aug. 1982:	124.4
July 1982:	125.1
Aug. 1981:	131.3
Aug. 1980:	133.0
Aug. 1979:	137.3

DIFFUSION INDEX

Oregon	
Aug. 1982:	37.0
July 1982:	37.0
June 1982:	36.2

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon	
July 1982:	37.7
June 1982:	39.0
July 1981:	37.4

CONSUMER PRICE INDEX (CPI)

1967=100
ALL URBAN CONSUMERS

Portland SMSA	
July 1982	292.5
Year Change	4.2%
U.S.	
Aug. 1982	292.8
Year Change	5.9%

IMPORTANT

NOTICE TO EMPLOYERS – SENATE BILL 2036

If ever a federal law would alter the relationship of the public employment service with local employers, Senate Bill 2036 is the vehicle. You need to understand what is being proposed because the first priority of your Federal Unemployment Tax Act (FUTA) dollars may no longer be to put unemployment claimants back to work.

For almost 50 years the payment of unemployment benefits was tied closely with ready access for claimants to available jobs. In Oregon, 34% of Employment Service (ES) placements are Unemployment Insurance (UI) claimants. This keeps the benefit payments down and your state trust fund tax payments low.

Senate Bill 2036 would change all that. The Employment Division would no longer develop an annual plan for ES placement activities which emphasizes UI claimant placements. Instead, we would be the recipient of a plan whose first priority may be serving various disadvantaged groups. This plan would be developed by local CETA prime sponsors in concert with local Private Industry Councils (PICS).

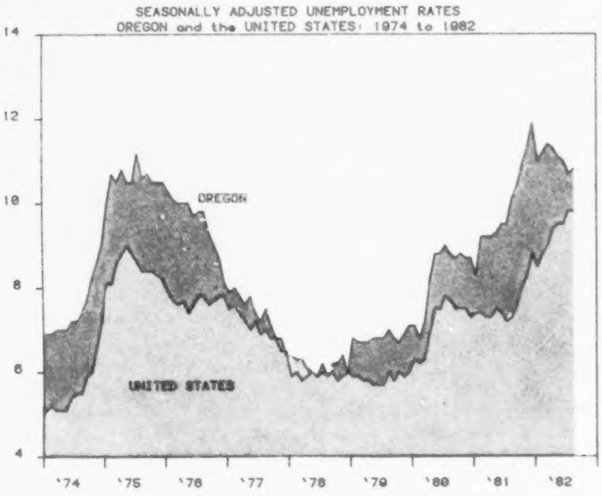
Please take time to be informed on how this Senate Bill and a similar measure in the House would spend your FUTA tax dollars. A brief analysis of both bills and their impacts has been prepared by the National Alliance of Business. This will be mailed to you on request. If you desire a copy please contact:

Employment Division R&S
875 Union St. NE
Salem OR 97311
(503)-378-3219

ECONOMIC RECOVERY?

Signs of an economic recovery remained elusive in Oregon's August employment statistics. Joblessness for the state rose another tenth of a point to 10.8% seasonally adjusted. The number of nonfarm wage and salary workers declined, forcing the nonfarm employment index down once again. Only Oregon's diffusion index showed any hope, matching July's 37.0% level. Not a gain but neither is it a loss for this indicator of future economic activity. Could it be that Oregon's economy is starting its long journey back to economic prosperity? A few more months will tell the story.

Nationwide the economic picture is somewhat brighter. The unemployment rate surprised some experts by staying even at 9.8% (seasonally adjusted). Early predictions had this lagging indicator moving upward in August.



Further good news came as the July index of leading indicators moved upward for the fourth straight month. This index portends the future in this case, two to three months in advance of the actual economic turn. July's index rose 1.3% following a 0.3% rise in June and a 0.7% rise in May. The U.S. index of leading indicators is a composite of 10 economic indicators ranging from new factory orders to initial state jobless claims. In July seven of the ten indicators contributed to this increase.

Even if economic recovery is in the wings, questions now arise as to its strength. The road to recovery rests with the consumer who continues to be hit by high unemployment and an uncertain economic future. Given these constraints, many would-be purchasers are holding back, waiting for more certainty. This fact was evident in August retail sales nationwide. Sales by major retailers were poor and were expected to remain poor over the short term. Hope for retailers now is for improvement toward Christmas.

In anticipation of further weak sales, retailers lowered inventory levels in a move to lower costs. Demand for short term loans, normally used to finance these inventories, began to ease, which helped bring declining interest rates. Further help from the federal reserve in allowing more money growth brought interest rates to a more tolerable level in August. Additional declines may not occur in the short term however, as borrowing to finance the federal debt could absorb any excess money in the financial market place.

In a healthy economic recovery, business expansions would average around 5% to 7% a year. However business expansion in the 1% to 2% range would technically be an economic recovery, but one not easily recognized as one. Given the current economic climate with low consumer confidence one has to expect business growth in the 1% to 3% range nationwide over the next year.

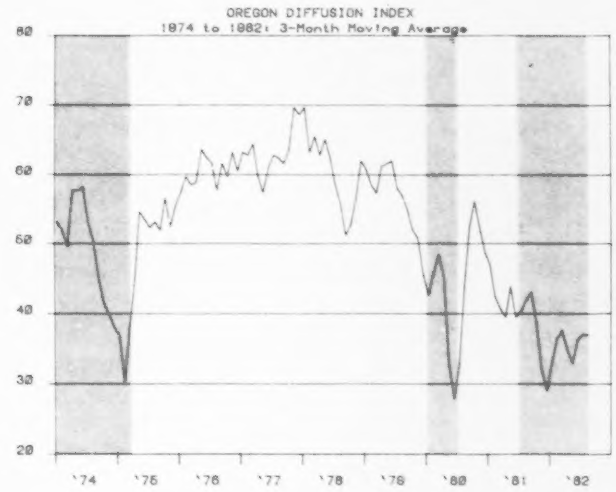
Oregon's timber related economy cannot expect to match the U.S. growth rate unless major policy shifts force mortgage interest rates to a more acceptable level.

Jobless workers accounted for 10.1% of Oregon's labor force in August. In total, 131,900 workers remainded unemployed, down slightly from 135,700 jobless workers in July. As expected, Oregon's unemployment total dropped from 165,400 in January to the present low. The decline is expected to continue with September showing the lowest number of jobless workers for the year. Job opportunities in State and Local Education will take many off the unemployment roles as schools gear up for new school year.

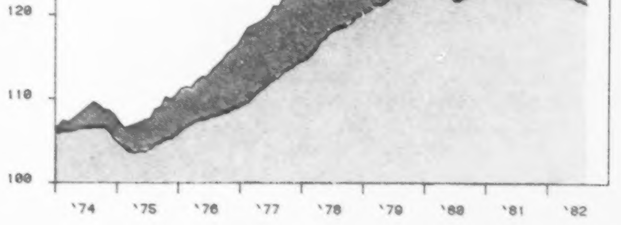
Employment dropped to 1,169,000 workers in August. The drop largely reflected reduced employment in Oregon's agriculture industry as the more labor intensive crops (berries and cherries) were harvested in June and July.

Oregon's labor force continued to hover around the 1,300,000 worker mark for the year. If this trend continues, Oregon's labor force will have dropped by an average of 30,000 workers over the year. Both increased out-migration and rising numbers of discouraged workers are to blame.

As mentioned earlier, Oregon's diffusion index stood even at 37.0% in both July and August based on preliminary data. Translated, this means 37% of Oregon's selected industries did not lose employment over the month (after seasonal adjustments are made). It appears now the revised August index will rise slightly. Please note that the diffusion index is now included in Oregon's resident labor force and nonagricultural wage and salary employment table on page 4.



Nonfarm employment stayed relatively unchanged over the month, but remained much lower than last August. Manufacturing industries did gain some lost ground over the month as an upturn occurred in lumber and wood products, food and kindred products, apparel and textiles.



The 1,000 employment gain within lumber and wood products mainly resulted from two factors: return from vacation shutdown and a temporary increase in orders. Normally this industry gains 300 employes during August. Despite the recent gains in the industry employment remains 25,700 below August 1979. Look for employment to decline further this winter as unfavorable weather combined with the long recession serve to depress this already troubled industry.

Both apparel and textiles employment increased as one large manufacturer resumed operation in four locations. Presumably these nearly recession-proof industries are gearing up for the spring fashion season.

Other manufacturing industries experienced fairly minor employment changes over the month. With few exceptions, all manufacturing industries remain well below year ago levels. Over the past few months employment levels have fluctuated from month to month based on ever changing demand. If interest rates reach a reasonable level, many of these industries could be the first to show signs of improvement.

Nonmanufacturing employment dropped 2,400 workers in August as all major industries except retail trade and mining experienced employment losses. Unlike manufacturing, this group of industries also reported job losses over the year. Decreased consumer spending has left nonmanufacturing industries 37,900 workers short of August 1981 levels. Even more declines are expected as high business costs coupled with low sales volume continue to cull out marginal performers.

Food establishments fared well in August pulling other retail trade employment up by 700 and providing the major push toward keeping retail trade on the positive side.

While financial institutions continued their slow but steady employment decline, other areas within finance, insurance and real estate also posted drops in employment. When the month to month loss of 700 jobs is seasonally adjusted, it results in the loss of 1,000 jobs for the industry.

Government lost another 1,200 employes over the month. Tight budgets forced a temporary layoff in Local education idling 1,200 workers while another 400 workers were lost in both State Education and Local government employment. Further declines in government employment were averted by the hiring of 670 Oregon State Fair workers.

While uncertainty still exists in the U.S. economy recent events give hope to an economic rebound. High interest rates which served to inhibit economic growth, have declined and several leading economic indicators are pointing in a positive direction. Although Oregon will have to survive the coming winter, spring weather should bring a brighter future. As slow as recovery may be, it will definitely be better than what has been experienced over the past three years. □

RESIDENT OREGON LABOR FORCE

	Aug. 1982 1/	July 1982 2/	Change	% Change	Aug. 1981 5/
Civilian Labor Force 3/	1,300,900	1,311,200	-10,300	-0.8%	1,338,100
Unemployment	131,900	135,700	- 3,800	-2.8%	122,300
Percent of Labor Force	10.1	10.3	xxx	xxx	9.1
Seasonally Adjusted Percent	10.8	10.7	xxx	xxx	10.1
Total Employment 4/	1,169,000	1,175,500	- 6,500	-0.6%	1,215,800

1/ Preliminary. 2/ Revised. 3/ Includes employed and unemployed individuals 16 years and older. Data are adjusted for multiple job-holding and commuting. 4/ Includes nonagricultural wage and salary, self-employed, unpaid family workers, domestics, agriculture, and labor disputants. 5/ Due to revised estimating procedures between December 1981 and January 1982, data for 1982 and that of previous years are not strictly comparable.

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

				Change From	
INDUSTRY	Aug. 1982	July 1982	Aug. 1981	July 1982	Aug. 1981
TOTAL 1/	964,600	964,100	1,018,300	500	-53,700
Wage & Salary Employment Index (Seasonally Adjusted)	124.4	125.1	131.3	xxx	xxx
Diffusion Index	37.0	37.0	41.9	xxx	xxx
Total Manufacturing	196,900	194,000	212,700	2,900	-15,800
Durable Goods	136,300	136,100	152,900	200	-16,600
Lumber & Wood Products	59,300	58,300	67,800	1,000	- 8,500
Logging & Sawmills	31,000	30,700	36,000	300	- 5,000
Veneer & Plywood	17,800	17,400	19,400	400	- 1,600
Millwork & Structural Wood	5,900	5,700	6,400	200	- 500
Mobile Homes	1,600	1,400	2,100	200	- 500
Other Wood Products	3,000	3,100	3,900	- 100	- 900
Furniture & Fixtures	1,900	2,000	2,400	- 100	- 500
Stone, Clay, Glass, & Concrete	3,900	3,900	4,200	0	- 300
Primary Metals	7,600	7,800	10,100	- 200	- 2,500
Blast Furnaces, Iron & Steel	4,200	4,200	5,600	0	- 1,400
Nonferrous Metals	3,400	3,600	4,500	- 200	- 1,100
Fabricated Metals	9,500	9,500	11,400	0	- 1,900
Fabricated Structural Metals	3,900	3,900	4,400	0	- 500
Other Fabricated Metals	5,600	5,600	7,000	0	- 1,400
Machinery	16,500	16,500	18,600	0	- 2,100
Electrical Equipment & Supplies	10,300	10,500	10,300	- 200	0
Transportation Equipment	7,800	8,000	7,700	- 200	100
Instruments & Related Products	17,100	17,200	17,800	- 100	- 700
Miscellaneous Manufacturing	2,400	2,400	2,600	0	- 200
Nondurable Goods	60,600	57,900	59,800	2,700	800
Food & Kindred Products	29,800	27,900	28,400	1,900	1,400
Canning & Preserving	19,600	17,300	17,600	2,300	2,000
Other Food Products	10,200	10,600	10,800	- 400	- 600
Textile Mill Products	2,000	1,700	1,900	300	100
Apparel	3,100	2,600	2,900	500	200
Paper & Allied Products	10,000	9,900	10,600	100	- 600
Printing & Publishing	10,300	10,300	10,400	0	- 100
Chemicals & Allied Products	2,100	2,200	2,300	- 100	- 200
Petroleum Refining	500	500	500	0	0
Rubber & Plastic Products	2,500	2,500	2,500	0	0
Leather Products	300	300	300	0	0

NONAGRICULTURAL WAGE & SALARY EMPLOYMENT
(By Place of Work)

INDUSTRY	Aug. 1982	July 1982	Aug. 1981	Change From July 1982	Change From Aug. 1981
(cont.)					
Total Nonmanufacturing	767,700	770,100	805,600	-2,400	-37,900
Mining & Quarrying	2,500	2,300	2,600	200	- 100
Construction	32,400	32,500	39,600	- 100	- 7,200
Transportation, Communications, & Utilities	56,400	56,600	60,100	- 200	- 3,700
Transportation	31,800	31,900	34,600	- 100	- 2,800
Railroad	6,000	6,100	7,000	- 100	- 1,000
Trucking & Warehousing	16,000	15,900	17,400	100	- 1,400
Other Transportation	9,800	9,900	10,200	- 100	- 400
Communications	15,500	15,600	16,200	- 100	- 700
Utilities	9,100	9,100	9,300	0	- 200
Trade	246,200	246,200	256,900	0	-10,700
Wholesale Trade	62,700	63,200	68,100	- 500	- 5,400
Durable Goods	36,100	36,500	41,200	- 400	- 5,100
Nondurable Goods	26,600	26,700	26,900	- 100	- 300
Retail Trade	183,500	183,000	188,800	500	- 5,300
General Merchandise	23,900	23,700	24,800	200	- 900
Food Stores	26,100	26,600	27,700	- 500	- 1,600
Auto Dealers & Service Stations	22,300	22,200	23,400	100	- 1,100
Other Retail Trade	111,200	110,500	112,900	700	- 1,700
Finance, Insurance, & Real Estate	64,900	65,600	69,200	- 700	- 4,300
Banking & Credit Agencies	23,600	23,800	25,400	- 200	- 1,800
Other Finance, Insurance, & Real Estate	41,300	41,800	43,800	- 500	- 2,500
Services	186,700	187,100	192,900	- 400	- 6,200
Hotels & Personal Services	23,600	23,700	25,500	- 100	- 1,900
Health Services	64,100	63,800	65,300	300	- 1,200
Other Services	99,000	99,600	102,100	- 600	- 3,100
Government	178,600	179,800	184,300	-1,200	- 5,700
Federal Government	31,200	31,100	31,600	100	- 400
State Government	48,700	48,400	50,500	300	- 1,800
Education	17,600	18,000	19,200	- 400	- 1,600
Other State	31,100	30,400	31,300	700	- 200
Local Government	98,700	100,300	102,200	-1,600	- 3,500
Education	52,400	53,600	54,300	-1,200	- 1,900
Other Local	46,300	46,700	47,900	-5,400	- 1,600
Labor-Management Disputes	100	100	500	0	- 400

* Excludes 100 or more workers involved in labor-management disputes.

1/ Includes full and part-time nonfarm wage and salary workers in pay periods including the 12th of the month. Proprietors, self-employed, private household workers and armed forces excluded. NOTE: Estimated in cooperation with the U.S. Bureau of Labor Statistics and Employment and Training Administration. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

HOURS AND EARNINGS BOTH FALL

While falling interest rates may breathe some optimism into areas of the nation's economy, Oregon workers still have little to cheer about as reflected by July Hours and Earnings data. The sputter and spurt gyrations of national economic indicators have done little to relieve anxieties over Oregon's interest sensitive economy. Temporary holiday closures and curtailments during July were extended by several firms in response to poor market conditions. This one-two punch to the workweek schedule prompted the manufacturing workers average weekly hours to fall 1.3 from the previous month. Average hourly earnings also declined with the inclusion of seasonal workers for food processing.

Lumber and wood products manufacturing continues to rise and fall as producers react to changing market conditions and attempt to cut operating expenses to the bone. Some upward pressures on production activity include meeting contract deadlines on prior timber sales as well as the need to process log inventories before excessive deterioration becomes a problem. Downward pressures stem primarily from a market demand, that by some estimates, is more than 30% below normal. The extended plant closures beyond normal holiday shutdown scheduling points to the relative strength of downward pressure on producers. The most notable impact has been that experienced by veneer and plywood, where weekly hours have fallen 3.1. Similar circumstances were also evident in other sectors of lumber and wood products to varying degrees. The only exception was mobile home manufacturing, which posted a .4 increase in weekly hours. The improvement, which masks the general health of this sector, was largely attributable to a single firm resuming production following a scheduled curtailment.

Furniture and fixtures was able to post a modest increase in production worker employment. However, the good news was quickly dampened by further erosion in weekly hours. Elsewhere in other durable goods, scattered cost of living increases helped boost hourly earnings for primary and fabricated metals .17 and .22 respectively. Relative stability in weekly hours for these areas was also a bit of welcome news. Machinery

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	July 1982 2/	June 1982 3/	July 1981	July 1982 2/	June 1982 3/	July 1981	July 1982 2/	June 1982 3/	July 1981
TOTAL MANUFACTURING 4/	$380.39	$396.24	$357.54	37.7	39.0	37.4	$10.09	$10.16	$9.56
Durable Goods	398.81	411.44	368.71	38.2	39.6	37.7	10.44	10.39	9.78
Lumber & Wood Products	415.42	435.71	378.96	38.5	39.9	36.9	10.79	10.92	10.27
Logging & Sawmills	459.68	475.53	400.37	40.5	41.1	36.9	11.35	11.57	10.85
Veneer & Plywood	389.01	422.40	380.88	35.3	38.4	36.8	11.02	11.00	10.35
Millwork & Struct Wood	317.18	321.90	292.84	38.4	39.4	35.8	8.26	8.17	8.18
Mobile Homes	271.01	298.78	267.68	35.8	35.4	34.9	7.57	8.44	7.67
Other Wood Products	377.12	392.06	368.16	36.9	38.4	39.0	10.22	10.21	9.44
Furniture & Fixtures	259.25	267.40	235.84	33.8	35.0	33.5	7.67	7.64	7.04
Primary Metals	484.27	476.35	465.20	39.5	39.4	40.0	12.26	12.09	11.63
Fabricated Metals	369.00	361.08	366.70	36.0	36.0	38.6	10.25	10.03	9.50
Machinery	384.13	396.13	370.71	36.9	38.2	38.1	10.41	10.37	9.73
Nondurable Goods	330.69	357.75	326.84	36.3	37.5	36.6	9.11	9.54	8.93
Food & Kindred Prod	274.99	300.61	280.28	35.3	35.2	35.3	7.79	8.54	7.94
Canning & Preserving	222.72	241.96	228.66	33.9	33.1	32.9	6.57	7.31	6.95
Other Food Products	393.09	389.13	390.91	38.5	38.3	40.3	10.21	10.16	9.70
Textile Mill Products	191.76	211.83	182.00	37.6	39.3	34.6	5.10	5.39	5.26
Apparel	174.25	226.03	142.85	33.9	43.3	28.4	5.14	5.22	5.03
Paper & Allied Products	512.15	532.13	504.39	40.2	41.9	43.0	12.74	12.70	11.73
Printing & Publishing	364.09	368.53	346.37	33.9	34.8	35.2	10.74	10.59	9.84
Construction 4/	579.20	554.36	453.27	34.6	34.8	35.3	16.74	15.93	15.39
Communications & Utilities 5/	426.02	428.06	393.22	38.8	39.2	39.8	10.98	10.92	9.88
Trade 5/	284.76	280.70	271.74	34.6	34.4	35.2	8.23	8.16	7.72
Wholesale Trade	375.06	371.09	355.97	38.0	38.1	38.4	9.87	9.74	9.27
Retail Trade	234.46	231.34	225.12	32.7	32.4	33.4	7.17	7.14	6.74
Banking & Insurance	244.37	241.23	223.79	NA	NA	NA	NA	NA	NA
State & Local Government	324.54	292.21	291.84	NA	NA	NA	NA	NA	NA

1/ Figures are average gross hours and earnings of full and part-time workers worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.

2/ Preliminary

3/ Revised

4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.

5/ Data for nonsupervisory employees only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

was not so fortunate, however, as a sharp reduction in the scheduled work week by several key firms prompted weekly hours to fall 1.3. Slack demand for heavy machinery was cited as the principal cause of the downturn. Continued weakness is expected until factories are called upon to replenish inventories following a hoped for consumer led recovery.

Production worker employment in the food processing sector rose 5,200 over the previous month. The infusion of lower paid seasonal workers along with recently negotiated wage decreases brought average hourly earnings down $.74 from the previous month. Excess inventories of some canned products remains a factor in production scheduling. Frozen food products are not affected by excessive inventory carryover. A significant drop in weekly hours for apparel (-9.4) resulted when key firms curtailed operations to adjust to continued weak market demand.

Declining construction worker employment increased the proportion of higher paid workers, driving hourly earnings up $.81. Trade has shown some life with a reported increase of 1,600 workers. This increase was divided evenly between the retail and wholesale sectors. Even though inflation has slowed, consumers remain price conscious and so have been slow to step to the fore and start buying. As a result, improvement in trade appears to be more a function of forces such as tourism activity. That being the case, any improvement may be short lived as the summer season winds down. □

UNEMPLOYMENT VS. INFLATION – THE UPS AND DOWNS

Low unemployment and low inflation are high on the list of goals of today's economic policy setters. The relationship between the two has historically involved a trade-off: unemployment could be lowered but at the expense of higher inflation, or inflation could be decreased at the cost of a higher jobless rate.

Since 1970 there have been periods in which both unemployment and inflation have risen simultaneously. Both have been left abnormally high by historical standards. U.S. economic policy for the 80's has emphasized lowering inflation. High rates of unemployment have been associated with this effort.

Concepts and Relationships

The unemployment rate is an estimate of the percentage of those who want to work (the work force) but do not have jobs.

Consumer inflation is the number of cents on the dollar it takes to purchase goods typical of those an urban family would buy, compared to what it cost to purchase the same goods a year ago. Among the many measures of inflation the Consumer Price Index (CPI) enjoys the widest acceptance.

The types, or causes, of inflation can be gathered roughly into three groups: demand, shock and core inflation. These groups deserve special attention because each has a distinctly different effect on unemployment.

Demand inflation is related inversely to unemployment. It results from the increase in costs that occurs when employment is rising and national production is approaching full capacity. Conversely, prices and wages tend to fall during periods when employment, and thus consumer demand, is falling. In the 60's when other causes of inflation were relatively stable, the theory of demand inflation (sometimes called the 'Phillips Curve') described practically the entire relationship between unemployment rates and inflation.

Shock inflation can cause unemployment to rise. It occurs with a price rise that originates outside the U.S. economy. OPEC oil price increases, which played a leading role in the recessions of '74 and '80 are good examples. Shock inflation raises production costs, causes declines in profits, and the laying off of workers. Shocks have been the leading cause of inflation since 1973. Data Resources Inc. (DRI) estimates that if energy prices had risen only as rapidly as other prices, inflation would not have exceeded 7½% during the past decade.

Core inflation is a measure of the long-term expectations of future inflation in the minds of people. It changes only gradually, as people acquire more experience and slowly change their estimates concerning the future value of money. Among the clearest examples of core inflation are the long-term increases written into wage agreements, which are due to expected price increases and to a large extent will guarantee future price increases. High core inflation, is for the most part, a new phenomenon in the United States, and has been associated with relatively high unemployment.

The Role of Interest Rates

Interest rates merit attention because they often act as a link between inflation and unemployment. High interest rates usually mean high unemployment because high financial costs thwart attempts by businesses to expand or to continue at high levels of production.

The interplay between business demand for credit and interest rates gives rise to the normal business cycle. In an economic downturn, production and consumption fall and the lower demand for credit brings the interest rate down. The lower financial costs result in more business investment, more employment and more consumption, bringing the interest rate up again and so on.

Interest rates, sometimes called the price of money, are influenced by the money supply. Other things being equal, slowing the growth of the money supply produces higher interest rates, and speeding the growth of the money supply lowers interest rates.

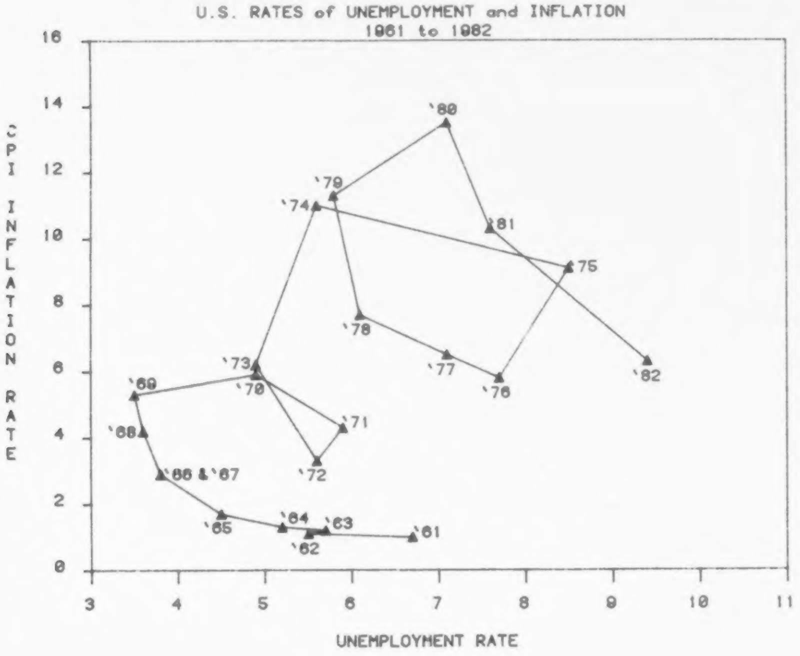
Monetary policy influences both unemployment and inflation. Quickly speeding the growth of the money supply to keep interest rates down contributes to "demand" inflation. Maintaining slow monetary growth in the face of high demand for credit allows the interest rate to rise and higher unemployment ensues.

Government borrowing to finance deficits exerts upward pressure on interest rates by adding to the demand for credit. Expectations of future inflation (measured by core inflation) strongly influence interest rates, because the profits banks gain from loans are determined by the real value of the money that will be repaid later. Thus a general belief that inflation will be lowered or remain low would gradually bring down interest rates and improve conditions for employment.

Historical Perspective

The following graph and table shows the relationship between U.S. unemployment rates and CPI inflation for the years 1961 through 1982. The reader can follow on the graph the changes in both variables from year to year.

An analysis of the historical interaction between unemployment rates and inflation will be included in the next issue of OREGON LABOR TRENDS.



	Unemployment	Inflation
1961	6.7	1.0
1962	5.5	1.1
1963	5.7	1.2
1964	5.2	1.3
1965	4.5	1.7
1966	3.8	2.9
1967	3.8	2.9
1968	3.6	4.2
1969	3.5	5.9
1970	4.9	5.9
1971	5.9	4.3
1972	5.6	3.3
1973	4.9	6.2
1974	5.6	11.0
1975	8.5	9.1
1976	7.7	5.8
1977	7.1	6.5
1978	6.1	7.7
1979	5.8	11.3
1980	7.1	13.5
1981	7.6	10.3
1982*	9.4	6.3

* Estimate based on 8 month's data.

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